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ABSTRACT

This document discusses policy and practice addressing the need for financial literacy education for older people in the United Kingdom. The discussion is based largely on the findings of survey and focus groups that were conducted to identify the difficulties older people encounter in dealing with different financial services and managing their own financial resources and to devise ways of developing sustainable structures to support older adults' learning in the area of financial literacy. Chapters 1 through 8 discuss the following topics: (1) the report's context; (2) the extent of the problem (the complexity of financial matters; changes in the labor market and wealth distribution; financial exclusion; financial literacy); (3) older people's special financial literacy needs; (4) ways education can help older people gain financial literacy; (5) the need to ask the right questions; (6) curriculum design; (7) current provision; (8) ways of extending the curriculum. Chapter 9 concludes that, although the United Kingdom' policy of social inclusion and antipoverty strategies provide wide-ranging policy frameworks for improving older people's financial literacy, more coherent presentation and better connections to specific action planning are needed. Specific recommendations aimed at government, education providers, and other agencies are presented. A glossary, the focus group reports, and a bibliography listing 76 references are appended. (MN)

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Old Money

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NIACE has a broad remit to promote lifelong learning opportunities for adults. NIACE works to develop increased participation in education and training, particularly for those who do not have easy access because of class, gender, age, race, language and culture, learning difficulties or disabilities, or insufficient financial resources.

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One

Introduction

Many older people consider that the rapidly changing and complex world of finance leaves them marginalised, undervaluing their accumulated experience and skills. This engenders a sense of powerlessness in relation to the agencies that impinge on their management of their own resources. This work explores the educational issues involved and how better learning opportunities can support older people in developing greater financial knowledge and understanding, in order to influence decisions which affect their personal finances.

The National Institute of Adult Continuing Education for England and Wales (NIACE) is committed to promoting and developing lifelong learning opportunities for all, concentrating especially on those who have benefited least through their initial education and those who are excluded from opportunities to return to learning as adults. There is a growing awareness that learning is a continuous lifelong process from early to later years. The need to deal with social, economic and technological change requires us all to carry on learning, both informally through our own choice of media, and in formal educational settings. This was recognised in the Government's Green Paper *The Learning Age: A Renaissance for a New Britain* (1998) and in the following White Paper *Learning to Succeed: a New Framework for Post-16 Learning* (1999), both acknowledging that learning must be accessible to everyone, at all ages and life stages.
In any case, interest and curiosity spurs us all to find out more and to open up new directions: learning is in itself enjoyable and there is growing evidence that it prolongs active lives.

Older people are a particular case in point and since 1996, NIACE's 'Older and Bolder' initiative has focused on adults aged 50 and over, as an arbitrary definition of this target group. Even if life begins at 40, it starts to get serious at 50, with many transitions in family life, work and resources. 'Older and Bolder' aims to promote greater awareness of older people's entitlement to access learning and to develop more and better offers of provision. It builds on the output of an earlier major study funded by the Carnegie UK Trust as part of a programme of work aimed at influencing policy and practice to achieve more equitable treatment of older people in a social context overall. The Carnegie Trust published this work in 1992 in several volumes, including one entitled *Life, Work and Livelihood in the Third* Age, which evidenced older people's limited access to learning provision. Over the ten years since, NIACE surveys of adult participation in learning have shown that their situation has not improved significantly. This is a serious inequity that contributes to the exclusion of older people from the knowledge and skills essential to sustain their independence.

In the UK and many other European countries, people are living longer while the birth rate has fallen. This has produced demographic change towards a proportionally older population requiring different social and economic support structures. Yet older people are clearly excluded from fair and reasonable treatment in some social contexts and they perceive themselves to be undervalued and marginalised. The post-war concentration on young people as the hope for the future has tended to exclude their elders, despite their acquisition of a longer lifetime of experience.

Many of the issues connected with social change are essentially educational, in relation to both causes and effects. Clearly, life continues to change for older as well as younger people and it is unrealistic to expect that initial education, whether to age 16, 18, 21 or even 25, will be sufficient to deal with social change for the whole of our lives. Yet over a long period, NIACE survey work has identified substantially lower participation by older people in all forms of learning. From the beginning of the 'Older and Bolder' initiative in 1996, NIACE has promoted ways to improve this situation, working with many different agencies, including the Department for Education and Skills (DfES), the Better Government for Older People (BGOP) programme, Help the Aged, Age Concern, the Pre-Retirement Association (PRA), the Third Age Employment Network (TAEN), the University of the Third Age (U3A), and the Centre for Policy on Ageing, as well as many colleges and other education providers in both the statutory and the voluntary sectors.

In 1999, NIACE published *Learning to Grow Older and Bolder*, a policy discussion paper on learning in later life. Since then, NIACE has concentrated on development work targeting some of the most pressing issues affecting older learners, for example: learning for work, both voluntary and paid employment; learning for health, to prolong active independence; learning in the '4th age', defined as a time when living often depends on some support by carers; and learning in the arts as a means of personal development and enjoyment. A recent priority has been learning to develop better knowledge and understanding of the complexity of financial matters, a particularly urgent issue currently in view of precipitate changes in entitlements to pension and other welfare benefits.

In 2000, NIACE embarked on a project in partnership with the Basic Skills Agency (BSA), Help the Aged and the Learning Freeway in Havering, to identify directly with older people what difficulties they encountered and where they felt they needed learning support. At about the same time, the Secretary of State for Education and Employment set up the Adult Financial Literacy Group (AdFLAG) to look at what was termed 'financial literacy' as an all-encompassing term. In response to the first AdFLAG report, NIACE produced for the DfES the briefing report *Financial Literacy and Older People* (the beginning of the FLOP project) based on further survey and focus group work. In the course of this work, a set of FLOP guidance materials was developed to help individuals and groups to assess their own learning needs, and these were piloted in collaboration with the Pre-Retirement Association (PRA) and other agencies.

Halifax Bank plc funded a later stage of the project that studied the awareness and relationship of older people to personal finance, and this resulted in the 2001 report *It doesn't add up*. The main aims of the work were to find out what older people know or do not know about finance, what information, advice and guidance they want and, even more importantly, what sustainable structures could be developed to support new learning directions.

From this project work several key findings emerged as primarily educational issues:

Tax, benefits and pensions procedures are complex and the work being undertaken to simplify them is not yet really clear to people. Also, sensitive research work is required to understand more about why many older people do not take full advantage of the financial benefits, services and concessions available to them. Lack of knowledge, advice and understanding of financial matters generally are important factors, but so are lack of confidence and trust, and the inhibitions of pride.

People need someone – whether a person or agency – that they can trust and older people prefer face-to-face meetings. With a huge range of services available, the varied needs of older people for impartial and objective advice, guidance and information must be recognised and some coherence must be developed.

Useful, relevant and connected services for older people should be developed in relation to life transitions. This would recognise that older people are not a uniform group, but diverse individuals with different concerns, problems, aspirations and opportunities. It is important, however, that such developments do not focus negatively on these life stages but build positively on people's existing knowledge and skills.

'Financial literacy' is a complex issue that transcends money management and the basic skills of literacy and numeracy. While there might sometimes be basic skills issues to be addressed, there are also wider-ranging concerns to deal with in a framework that does not imply any sense of deficiency or failure by older people in particular. More work is required to ensure that relevant education provision is socially inclusive and offers flexible points of entry. This cannot be the sole responsibility of any one authority, agency or government department to resolve. The development of any future agenda requires a range of responsible bodies working collaboratively.

Any educational programme has to be relevant to the needs of older people. The curriculum, supported by information, advice and guidance, must cover relevant issues. Education providers need to start with older people's own concerns, help to satisfy their need to solve particular problems and, from there, build confidence and skills. Learning programmes need to be accessible where older people are likely to be – in libraries, community and day care centres, sheltered housing, through voluntary agencies, and so on.

The relationship between older people and those who provide financial services and utilities is not helpful. There is a perception that services have been created for younger people and the needs of older people ignored. Lack of clear and reliable information creates mistrust of the specialists and authorities. The transition towards greater use of technological means of access to finance matters may produce 'ICT poor' communities, of which older people will be a significant proportion. Lack of financial knowledge and skills compounds misunderstandings.

The increasing use of ICT for financial services may exclude older people but conversely it can be part of the solution in educational environments. Ufl/learndirect, Basic Skills Agency (BSA), British Educational Communications & Technology Agency (BECTA) and the Financial Services Authority (FSA) are all involved in different initiatives around 'financial literacy' and the use of information technology as a means of access. NIACE, working with Prudential plc, has developed *Money Matters* CD-ROM materials for use by adult learners and tutors. The materials are topic-based and can be used on-line or downloaded, copyright-free. The relationship between all of these initiatives should be explored and their concerted use with older people should be considered.

Older people are a resource. They have developed a lifetime of experience, with survival and coping skills, even if their formal education has been limited. The potential of older people as peer educators and mentors should be considered as a useful and significant role in the community. This builds on current initiatives for community regeneration and encouragement of volunteering within the strong ethos of voluntary work established in the UK.

Conclusions

While 'financial literacy' for older people is a key concern for those working in education, it should also be a concern for others working for the social, political and economic inclusion of older people. The Government's initial BGOP programme (1997–2000), took into account the value of learning for older people as a means of empowerment. This approach complemented the Government's initiative, 'Building a Better Britain for Older People', aiming to address their concerns in a holistic 'joined-up' way. The continuing BGOP programme, with localised networks recently established, includes lifelong learning opportunities within its remit.

In addition, there is now a Cabinet Office Committee on Older People, following on from the earlier Inter-Ministerial Group on Ageing. This ensures a welcome focus on the relevant policy issues and their implications for older people, both now and in the future, but it is important to ensure that it is followed by action planning and resources to redress previous neglect, and does not remain mere rhetoric.

These issues are discussed and amplified further in this discussion work on policy and practice, with a view to identifying a range of learning processes and provision that should be developed further in order to increase participation by older people especially. Some conclusions are drawn from recent project work carried out by NIACE and its partners. Quotations are included from older learners and tutors consulted within focus groups or surveys conducted during different phases of this work. A series of recommendations and issues for further consideration are set out in Chapter Nine and feedback on these would be welcomed by NIACE, through the Older and Bolder Development Officer, Jim Soulsby.

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What is the problem?

None of us feel fully confident about understanding financial matters unless we have achieved some special knowledge or training, and have access to reliable information. Once past the stage of negotiating pocket money, however, as adults we need to be able to navigate the more serious world of our financial entitlements and responsibilities, calculating risks and resources along the way.

Finance is a complex business, as evidenced by debates about the balance of who pays for what through wages and salaries, taxes and benefits, golden hellos, golden handcuffs and golden goodbyes or basic redundancy payments, minimal or enhanced pensions, and public or private provision. We need to contemplate debt at an early age, whether in the form of bank loans and study loans, credit and hire purchase agreements, leases and mortgages, pensions and insurances – the list starts to grow from our early adulthood and becomes more pressing as we get older. It is more critical than ever before to be able to understand the issues and calculations involved even when they are difficult, disconnected or inadequately described through information embedded in the small print.

Financial exclusion

The past 20 years has been a period of rapid and difficult social and economic change in the UK. Most people have experienced a significant increase in living standards. The average income has increased by 40 per cent, but this increase has by no means been evenly distributed as the incomes of the poorest 10 per cent of the population have actually fallen by 8 per cent after housing costs are taken into account (Joseph Rowntree Foundation, *Inquiry into Income and Wealth*, 1995 and 1998).

Changes in the labour market have been particularly radical, resulting most significantly in a substantial expansion of 'flexible' ways of working. Research indicates that 70 per cent of jobs created in the first five years of the last decade were not full time and permanent (Bayliss, *Key Views on the Future of Work*, 1997). People now work within a context of various employment arrangements, whether part-time, temporary or short-term contracts, self-employment, job-sharing, portfolio or home working. They move in and out of the labour market for varying periods of time and for various reasons. They might have to claim benefits or they are caught in the trap between low-paid work and unemployment. Alongside this shift in labour market flexibility, there has been a decline in the number of employees paid in cash, an increase in the gap between high and low pay, and an increase in the number and proportion of women in the labour market but often in lower paid and less secure jobs.

Throughout the 1980s and the '90s, the emphasis was on personal and private enterprise rather than on collective public endeavour. The role of the State was reduced and welfare reform shifted the onus of responsibility to individuals to make their own provision privately. Utilities were denationalised and many council houses sold into private ownership, becoming subject to the vagaries of the property market. This policy shift also affected education provision and adults are now expected to manage for themselves a process of continued learning, including raising and risking their own funds through family or charitable grants, or loans. The emphasis continues to be on individual resources and competitiveness to the exclusion of communities of mutual support and co-operation.

Within this climate of individual responsibility, financial service providers were encouraged to develop new products to provide income security following either loss of earnings or retirement. The scale and range of products were further expanded following the deregulation of the financial system in the 1980s. A 'hybridisation' of financial services occurred, in which a large number of new organisations entered the industry and made it highly competitive

Over the past 30 years there has been a steady increase in the use of financial services of all kinds. In 1975, 45 per cent of adults held a current bank account. By 1998, this had risen to 80–85 per cent. There has been a similar growth rate with other products. Recent research has shown that only about 7 per cent of households in Britain do not have any mainstream financial services and 20 per cent have only one or two financial products. Nevertheless, over 2 million adults use no financial services, and nearly 3 million have no bank or building society account, that is, nearly one in ten households (Department of Social Security, *Family Resources Survey Statistical Report 1998–99*).

This expansion of commercial competitiveness has been further enhanced by the development of new technologies, which have had a huge impact on the types of products created, the style and scale of marketing and methods of transaction and delivery. These developments, however, have also served to increase the ease with which financial institutions acquire information on their clients, including risk assessment. This has enabled providers to create 'tailor-made' products to suit more affluent individual customers based on assessments of likely profitability.

Driven by complex and multiple socio-economic factors, together with changes within the financial services sector, this increased 'inclusion', however, has marginalised and excluded a minority of individuals and households. The emphasis on 'types and characteristics' of individuals in society has allowed services to be offered or denied on the basis of stereotypical assumptions. Debt has been encouraged, especially in the form of loans and credit purchase, but this has also created an increase in the identification of bad risks – people who find themselves excluded by providers from many services, sometimes without real reason. There have been well-publicised instances of mis-selling of financial products, so that some people have been significantly and adversely affected and even more have lost confidence in many of the financial providers.

In the early 1990s, when financial exclusion first began to emerge as a term in debates, it tended to be discussed mainly in terms of 'geographical access' to financial services, and in particular the number and location of financial retail outlets. By the late 1990s, this emphasis had widened to acknowledge that individuals are also being excluded by other factors, such as lack of clear information and understanding about costs, the process of risk assessment, conditions attached to financial products, marketing and often self-exclusion as a consequence.

In a MORI survey of 2152 adults aged 15 and over, commissioned by the Prudential and carried out in November 2001, only 36 per cent felt very confident about handling their personal financial affairs and 13 per cent expressed a lack of confidence. About 18 per cent did not pay any amount into savings, pensions or investments. About 50 per cent of those not yet retired did not have any pension provision, rising to 53 per cent among ethnic minorities, and 65 per cent overall could not estimate correctly the basic weekly State pension.

The pensions debate

There is no official retirement age in the UK, but conventionally it is considered to be the age when people can receive their State pension, at age 60 for women and 65 for men. The government continues to explore ways of introducing flexible retirement age and pension arrangements, mainly to encourage the extension of employed and earning life-stages. Already, the age at which women can access their State pension has been raised to 65 and this change will be fully effective by 2020.

Inflation-proofing of the State pension through index-linking to earnings is also being phased out. Many employers are reneging on final-salary-linked schemes, and offering only money-purchase arrangements to new entrants and in some instances seeking to change the entitlement of existing scheme members. But given the uncertainty about outputs of purchase plans based on stock-market movements, with instances of wild fluctuations in recent years, there is little incentive for people to risk their personal resources in this way, particularly if they have little or no margin of income to risk. Insurance-backed stakeholder pensions, introduced in 2000, have not proved popular. While employers are obliged to provide access to such schemes, they are not obliged to contribute and so they look less attractive than other means of saving money for older age.

The report *Making Savings Simpler* (July 2002) by Ron Sandler, was commissioned by the Treasury, concerned about the growing gap between individuals' savings and pension provision. The report acknowledged the confusion and complexity of financial services markets and identified the need for financial products that are less complicated and less expensive to buy. It proposed moving towards product regulation and suggested a 1 per cent cap on charges, particularly for pension funds, mutual investment funds and 'with profits' plans. There is also a requirement for product support by clearer, objective and impartial information from truly independent advisers who are not paid on commission by financial product providers, but will be required to state their fees from the outset.

Sandler recognised that there is a considerable problem of consumer mistrust to overcome in order to restore people's confidence in the financial services industries, and that there is a need for consumer education as a prerequisite. It is assumed, however, that if the barriers of complexity and lack of consumer confidence can be overcome, people will then volunteer to save substantially more than at present and that they can afford to do so. Already there are suggestions that from an early age, younger people will need to devote more of their personal resources towards saving plans for the long term and that older people will need to continue in employment beyond the ages of 60-65 in order to secure their financial future. Nevertheless, those who are poor will continue to need support from the State and also from employers (if they are in long-term employment, that is) to sustain the substantial investment needed. The Sandler report side-steps this social policy issue.

Also in July 2002, Alan Pickering, former Head of the National Association of Pension Funds, presented his report *A Simpler Way to a Better Pension* (2002). The Department of Work and Pensions commissioned this study in the light of increasing costs of pension provision with demographic change towards a proportionally older population, as well as public concern about the reductions in scale of both State pension provision and employers' occupational pension schemes. Although the proportion of pensioners

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aged over 65 in employers' occupational schemes increased from 43 per cent in 1979 to 59 per cent in 1999, this still leaves 41 per cent without such provision, with a growing anxiety that the numbers of beneficiaries may decrease again in future.

Pickering seemed to take a view based solely on the financial efficiency of private occupational schemes, identifying ways to cut costs for employers but essentially making schemes more expensive for individuals. He suggested that the link between retirement income and inflation should be relinquished, together with rights of inheritance for widows and other dependants. The only alternative would be for individuals to pay substantially greater contributions to retain scheme benefits, with employees compelled to join occupational schemes and perhaps even compulsion on employers to contribute. Again, however, this side-stepped questions of affordability for individuals, did not deal with issues of low pay and/or fragmented contribution records and certainly did not pay attention to those who were not in paid employment. Consequently, representatives of trades unions and older peoples' organisations rejected his findings as leading inevitably to pensioner poverty, particularly among women.

There is the potential, however, for a more flexible transition through remuneration packages that recognise different working terms and conditions, with individual choice of retirement, towards a secure and fulfilling older age. The government has already established the Pensioners' Credit as part of the Minimum Income Guarantee of its anti-poverty strategy, but it is not clear how these and other recent changes in social policies connect to support social inclusion, especially for older people. There continues to be a lack of clarity and cohesion about the criteria defining the anti-poverty strategy, as well as the underpinning definitions of adequacy of income to support a reasonable standard of living.

The Government's planned Green Paper on pensions, to be published in 2002, hopefully will initiate a radical but socially responsive review. The main aim must be to secure agreement on the minimum resources required to provide reasonable living standards for all, especially those who are not able to generate sufficient income from employment or other personal resources Individual contributions towards investments for the longer term must ensure stability and predictability of returns, with secure contracts for delivery. In this era of sophisticated information technology it should be possible to number-crunch the financial resources necessary and available to maintain a reasonable standard of living for individuals, reflecting their own circumstances and forward planning.

Perhaps the Pensioners Credit could evolve into an 'individual pension account', based on a tripartite trust scheme aiming to secure adequate pensions for all, index-linked to average earnings. The State could provide an adequate baseline, to be supplemented with occupational pension schemes requiring employers to contribute alongside employees, with fiscal incentives to do so. There should be encouragement for individuals to commit long-term personal savings whenever feasible, as an optional addition to the baseline, in their own interests. This would be an admirable opportunity to demonstrate mutually beneficial public–private partnerships.

'Financial literacy'

The complexity of understanding and managing the financial systems involved in social change, including tax, national insurance, pension schemes, loans, grants and social security benefits, must not be underestimated. At the same time, there is clearly an educational issue, in that there is no coherent curriculum to ensure that people of all ages and stages of their lives have opportunities to gain knowledge and understanding of financial matters.

Broadly, this potential curriculum has become known as 'financial literacy' and many different agencies are addressing ways of providing appropriate learning opportunities. We need to establish some common understanding of the term 'financial literacy' and examine how it relates to the whole range of learning needs, for a multitude of purposes. We also need to ensure that any definition takes into account people's different skills and experience already achieved through their management of their own lives. It is essential that this common understanding should be owned also by the communities of interest involved in policy formulation, education provision, advice and guidance, as well as the financial industries.

When the Government's Adult 'Financial Literacy' Group (AdFLAG) looked at the educational issues involved, it benefitted from the earlier work of the Treasury's Policy Action Team in 1999 in its Audit Report 14: Financial Services. It also drew on development work already being carried out by a range of interested organisations, including the National Institute of Adult Continuing Education (NIACE), the Basic Skills Agency (BSA) and the Pre-Retirement Association (PRA). Some of this project work, including surveys and fieldwork, is described in more detail in Chapter 5 and Appendix 2.

Initially, AdFLAG, in its report to the Secretary of State for Education and Employment saw the issue of financial inclusion in terms of supply and demand.

> *There is a clear need for appropriate products to be available to provide a supply of financial services, especially for the disadvantaged. However, supply is only one half of the equation and unlikely to provide a solution unless people are equipped with the knowledge, skills and confidence regarding their financial needs to make informed decisions about using these products and service.*

This endorsed the definition of 'financial literacy' developed in 1992 by the National Foundation for Educational Research:

> 'the ability of individuals to make informed judgements and to take effective decisions regarding the use and management of money'.

Initially, NFER identified three core competencies: financial planning, problem-solving and decision-making. It suggested that a financially literate person would have:

☐ an understanding of the key concepts central to money management;
☐ a working knowledge of financial institutions, systems and services;
☐ a range of skills both general and specific;
☐ attitudes which would allow effective and responsible management of financial affairs;
☐ confidence to engage in the various and complex processes.

Commissioned by NatWest Bank, further research was carried out by NFER in 1996 to look at the constituent elements of 'financial literacy' and how they might fit into the national curriculum for secondary school children. This research reports a lack of skills (and consequently a need for help) in four key areas relating to the management of money:

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☐ Financial calculations (numeracy skills)
☐ Interpreting financial information (including literacy skills)
☐ Understanding entitlements (knowledge)
☐ Considering alternatives (thinking)

At face value this seems to reduce the problem to individuals' lack of skills required to manage money effectively, and the term might seem to be patronising. However, there is a distinct difference between 'financial literacy' and money management. 'Financial literacy' is about understanding and questioning the processes and thinking that underpin the services, utilities and provision on offer. Increased access to information and products alone is insufficient to ensure greater financial inclusion. As the goalposts of social, economic and financial affairs continue to move, there is an even greater demand for increased skills and knowledge on the part of individuals.

The draft guidance on personal finance within Personal, Social and Health Education (PSHE) in schools is a useful starting point for a broader definition of 'financial literacy' for adults:

> *Financially capable people are able to make better informed financial decisions. They are numerate and can budget and manage money effectively. They understand how to manage credit and debt. They are able to assess needs for insurance and protection. They can assess the different risks and return involved in different savings and investment options. They have an understanding of the wider ethical, social, political and environmental dimensions of finances.*

This recognises the complexity of the subject and moves away from the assumption that it can be dealt with essentially as an issue of basic skills.

So, do adults have the required level of skills required to avoid exclusion? It would appear that this is not always the case. Several obstacles were identified by Kempson and Whyley (1999):

☐ low skills levels;
☐ a lack of knowledge;
☐ mistrust of suppliers;
☐ psychological barriers including confidence;
☐ a feeling of loss of control over money.

and they also identify key factors in overcoming these by:

☐ the provision of appropriate information;
☐ making information available through appropriate channels;
☐ making it easy and attractive for people to learn the skills they need to use that information effectively.

If, however, these needs are continually expressed as though they are 'deficiencies' of the learners, it is unlikely that people will respond. Adults who have developed coping and survival skills refined over a lifetime do not wish to draw attention to shortcomings, but to have their experience acknowledged and built upon. 'Financial literacy' as a concept must identify flexible means of access, recognising the different levels of individuals' existing knowledge and skills, from basic to advanced, and the different learning needs relevant to different situations. Also, for many older people the first issue is to resolve a particular problem or situation and often they are looking only for objective and impartial advice, information and guidance.

Conclusions

Financial matters are complex and difficult for everyone and yet they are crucially important. Changes in patterns of life and work, the divide between affluence and poverty, and the shift from public to private resources to sustain welfare, give added emphasis to this.

Lack of knowledge and understanding excludes many of us from exercising a full independent role in relation to the practical implications for ourselves, our families and our communities. This is essentially the 'financial literacy' agenda, which is not simply a question of people's lack of skills, but needs to be tackled on all fronts:

☐ more and better information, objective and impartial, about financial procedures and industries;
☐ increased confidence and trust to engage with the providers of services and products;
☐ flexible entry and exit points to a wider range of learning opportunities, to give better individual access to information, advice and guidance.

We need to start learning more about finance when young, but the subject is even more important for those who are at a social disadvantage in other ways: for the older and poorer, especially if they are women, from a black or other ethnic/linguistic minority community, or if they are fragile or disabled in any way.

Recognising the nature of financial exclusion, it is clear that this will only be rectified by empowering individuals with the necessary skills needed to take control of their own finances. A significant proportion of the adult population, however, is not equipped with such means of empowerment, especially the older generation of adults who particularly need to develop better knowledge and understanding.

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Why older people particularly?

People of all ages find financial matters complex and difficult to plan ahead. There is an irony around our reluctance to think about the long-term implications for our lives while we are young, carefree and earning, whereas we realise belatedly when we are 50 and over that real financial pressures require urgent resolution of problems which could have been anticipated earlier. Often, we postpone essential decisions because we know that we need to do some information research before we can tackle the questions posed.

> *When Sarah, a widow aged 58, has the opportunity to make payments to increase her pension at age 60, why does she leave the letter unanswered, behind the clock on the mantelpiece? Is the language too complicated? Are the calculations not clear? Is she too proud to ask someone for advice? Has she no one to turn to for advice?*
>
> *When Harriet, aged 73 and living on her own, leaves her utilities (gas, electricity, telephone, water) with the same agencies, despite offers of reduced tariffs, handy payments and concessions from other providers, is it because it is all too confusing? Is it because there are too many utility providers around? Are the tariffs too complicated and not explained clearly? Is she loyal to the service she has always had? Has she no one to turn to for advice? Is she too proud to ask?*
>
> *When Josef, a 68-year-old retired joiner, has an insurance policy reaching maturity does he invest it in an individual saving account (ISA), or a building society, or put the cash under the mattress? Is the whole process too complicated with too many options? Is the language too complex and are the examples not clear? Does he do what members of his family have always done, without questioning tradition? Does he just spend it on things that seem a better bet in the short term? Is there no one to turn to for advice?*
>
> *When Helen, a 79-year-old retired schoolteacher, will not consider extra benefits to support her increasing dependency, is it because of pride? Does she lack information about her entitlements? Are the claim forms not clear? Does she not know where to go for advice? Her reluctance might be due to lack of confidence, accumulated unsuccessful bouts with bureaucracy, or the marginalisation often faced by women, as they grow older.*

There are many other examples of older people seeming to struggle with changes in financial services and ways of managing money. Also, it is important to bear in mind that they do not form a uniform group but vary hugely in their situations, ideas and aspirations. Views and attitudes, health and wealth, options and decisions change depending on our position, whether within the labour market with opportunities to develop earnings, or leaving the labour force and adjusting to a different economic situation, or living outside the labour market and depending on other resources.

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These social changes were considered within the Joseph Rowntree Foundation's programme 'Transitions after 50'. This identified particular concerns about falling levels of participation in paid work and the implications for the productive capacity of the economy; how well or otherwise we are providing for retirement, especially financially; the need to reassess the way society regards younger and older people, and their contribution to the social economy of the wider community. The main factors impinging directly on older adults include:

☐ uncertainty around late-career employment, income and pension needs;
☐ the economic consequences of early cessation of paid work;
☐ changes in family needs after the age of 50;
☐ the financial implications of housing changes after 50;
☐ uncertainty about the long-term effects of health and disability;
☐ the different economic situation of women after 50, especially the effects of relatively early widowhood and living alone.

(Hirsch, 2000)

The demographic changes are producing a proportionately older population, and it is predicted that by 2026 about 35 per cent of the UK's population will be over 55, including about 11 per cent aged 65–74 and 10 per cent over 75 (Office for National Statistics). Currently, there are 10.6 million people of over State pension age in Britain and by 2040 this will increase to 15.7 million (Government Actuary's Department, Population Statistics); 8.2 million households contain a person aged 60 or over and 7.4 million households contain a pensioner.

As the age balance shifts alongside changes in society, so will the characteristics that might define older people and help us assess their different social and economical support structures. At the end of the twentieth century, older people were most likely to be retired, owning their own home but with limited income (asset rich: cash poor) and likely to face increased incidences of disability.

A MORI survey of people aged 55 and over in England, carried out in 1997 for Anchor Housing Trust, found that:

☐ 67 per cent classified themselves as retired, with 4 per cent unemployed, and only 22 per cent in full or part-time work;
☐ 75 per cent owned their home while 25 per cent rented;
☐ 57 per cent had an income less than £150 per week; about 30 per cent had no savings whatsoever while another 30 per cent or so had small savings only;
☐ almost 50 per cent of older households contained one or more people who had a long term illness, health problem or disability that limited their daily activity or capacity to work;
☐ 17 per cent provided family care to others, whether children and young people, or being carers to partners or even older generations.

Whilst the characteristics suggest a model of dependency, nationally, the over 50s make up about 33 per cent of the working population and are responsible for about 30 per cent of consumer spending. At the same time, owing to the emphasis on early retirement in previous years, when employers saw it as a way of reducing labour-force numbers and costs, a decreasing proportion of the population continue to work in paid employment beyond the age of 55. Within older age groups there will be a higher proportion of women than men, particularly at ages 75 plus, and they will have experienced lower paid work with breaks in employment, if they have joined the labour force at all.

Any continued disengagement by older people from the labour market will have a profound effect. There is already a smaller pool of younger people available to take up paid employment, to contribute to wealth creation and the tax take, in order to sustain state resources for public services and welfare benefits: the so-called support ratio. Most older people, however, believe that they have already contributed to State and, in some cases, employers' pension schemes through long years of paid or unpaid work, and that these promised to support them in a reasonable standard of living when they retire.

The Government report *Winning the Generation Game* (2000), stated that 'the drop in work rates among people aged over 50, since 1979, cost the economy about £16 billion a year in lost GDP and costs the public purse £3–5 billion in extra benefits and lost taxes'.

In his foreword to the PIU report, the Prime Minister said:

> *One of the most important tasks for 21st Century Britain is to unlock the talents and potential of all its citizens. Everybody has a valuable contribution to make, throughout their lives. Unless we encourage older people to remain actively engaged in socially valued activity, whether paid or unpaid, everybody in Britain will miss out on the benefits of their experience and social commitment.*

In 1979, 84 per cent of men aged 50–65 were in employment. By 1997 this had dropped to 67 per cent, rising again, but only to 69 per cent, in 2000. While many of these people may have left work voluntarily, the majority have not and there are issues around their income levels throughout their later years, particularly if they are judged not to have the appropriate skills to enable them to re-engage in employment. These judgements are often based on stereotypical assumptions, however, and some employers have begun to rediscover the values of experience, continuity, reliability and commitment associated with the work-ethic of older people. Organisations such as Third Age Employment Network and the Employers' Forum on Age have helped this change of view to emerge.

The Government has set out a voluntary Code of Practice on Age Discrimination and, as a result of the European Union Employment Directive on age discrimination, is examining the impact of this with a view to introducing legislation by 2006. This policy shift reflects a concern to extend people's span of employment and earning capacity for independence while considering more flexible approaches around retirement that could benefit employees and employers alike. Provided this is underpinned by fair and reasonable pension arrangements, and allows for individual choices of work or retirement options, many older people will welcome this flexibility.

At present, however, many people are approaching old age with insecure income and investment because of their disrupted work and savings life. Any policy changes are likely to add to the complexity of assessing future income and pension entitlements and will require sophisticated decision making on the part of individuals in assessing this. Their decisions about type and duration of future employment and other quality of life issues will require good, accessible and trustworthy information.

As people become older, many face an uncertain future on fixed incomes, usually declining in real terms and reducing their financial viability. This is particularly so for the 41 per cent of people who do not have occupational pensions and who will be reliant on savings plus State benefits for their longer older lives. Since 1980, the State basic pension no longer increases in line with average earnings, SERPS has been abandoned and the value of the pension has continued to decline against living standards. Along with lone parents, those without earnings, those employed on low wages and a disproportionately high number of people from ethnic minority groups, pensioners are likely to be included in the poorest income groups.

Indeed statistics show that 56 per cent of all pensioners have incomes in the bottom two-fifths of total income distribution and that benefits make up two-fifths of income for pensioner couples or just under three-fifths of income for single pensioners. In 1998–99, the gross income of pensioner couples under the age of 75 was made up by 40 per cent benefit payments, 29 per cent occupational pensions, 17 per cent investments and 14 per cent earnings, and this was exacerbated for single pensioners who rely on benefits for 56 per cent of their income. For pensioners aged over 75, the reliance on benefits was greater again at 51 per cent for couples and 69 per cent for single pensioners, the majority of whom will be women. Six out of ten families of Pakistani or Bangladeshi origin are in the bottom quintile of income distribution and the take-up of benefits is particularly low among minority ethnic communities.

In general, older people under-claim their entitlement to state benefits, more than any other social group. The Department of Work and Pensions estimates that income support take-up is lowest for pensioners and that 700,000 of them fail to claim the Minimum Income Guarantee, introduced in April 2001. People over the age of 75, being the majority of those non-claiming, tended to be significantly poorer (Department of Work and Pensions, 2001).

Government emphasis on means-tested rather than universal benefits makes it important to promote take-up by those who need it. Following the introduction of the Minimum Income Guarantee, the Department initiated survey work with members of the Partnership Against Poverty, which includes the National Association of Citizens' Advice Bureaux (NACAB) Age Concern and the Local Government Association, to identify further the extent of benefit take-up and ways of promoting this more effectively. It appeared that short-term campaigns did not easily address the long-term problems of under-claiming. Many older people need sustained support and advice to ensure that they can access services and entitlements. Face-to-face contact was sometimes essential to clarify rights, generate confidence, secure confidentiality, and to overcome reluctance to follow up valid claims. The free telephone helpline for Minimum Income Guarantee claims was thought to be useful by the few campaigns that made use of it. (NACAB, 2002).

Practical barriers to claiming benefits include: lack of clarity about entitlement criteria, complexity of claim forms, terminology, lack of transport facilities to reach benefits payment offices, perceived attitudes of Benefits Agency staff, lack of privacy and the need to reveal financial details. These deterrents to claiming also draw attention to the isolation of older people from reliable sources of information, the alienation of bureaucratic processes and the stigma associated with means-testing.

While some of the reasons for under-claiming benefits are possibly cultural, many are to do with information supply to people who are socially and economically marginalised, and perceived to be out of the mainstream of economic production and consumption. The reticence of older people to come forward reflects their experience that their rights as citizens are not always recognised. Age discrimination in a context wider than employment obstructs their opportunities to supplement low incomes. Some manage to 'struggle quietly' while others 'leave well alone' and get into trouble through not dealing with financial tasks as they arise. However, in keeping quiet about problem, people may miss the opportunity to learn about ways of resolving difficult issues. One respondent to the NIACE surveys said:

> *Older people are less likely to admit to a problem with financial matters. So really it's the opposite of problem-solving. They are often less aware of services which may support them in solving a problem.*

This unwillingness to seek help and reluctance to be identified is also likely to have an adverse impact on their access to learning programmes.

There is already a gap between those who tend to operate in a cash economy, mainly older pensioners with very low incomes, and more affluent younger pensioners with incomes from personal pension schemes, investments and as a consequence of home ownership. The increase in home ownership also has implications of financial exclusion. While it can bring the benefit of enjoying easier access to financial products, many may be reluctant to realise the accumulated value as they wish to pass their homes on to their children or because they wish to go on living there without incurring what they perceive to be a further phase of debt. Home ownership can also bring increased risk of financial difficulties – many older people, particularly widowed women, are asset rich but cash poor and not in a position to improve or maintain their home. Many are especially worried about the implications of the high costs of long-term residential care when they are too fragile in health to live independently. However, concentrations of people in social rented accommodation experience higher than average levels of unemployment and lower income, and many of them are pensioners.

There continues to be heightened anxiety, often unfounded, about the longer-term possibility of serious ill-health or the onset of fragility, whether physical or mental. The high costs of essential care are frightening, whether in a residential institution or at home, and this can lead to panic decisions about insurance or other means of financial provision. Mistaken assumptions are often made about the potential decline of mental and physical energy at age 60 and over, attached to allegations of lack of understanding of current trends and events among older people. These attitudinal betrayals compound the tendency to undervalue the expertise and life experience of older people, not only in employed work but also in unpaid voluntary work, whether in family caring roles or with external agencies.

A further dimension of social exclusion can be identified by the very language used to refer to older adults. Use of terms such as 'the elderly' and 'old age pensioner' deny the active engagement of older people as equal citizens. 'State pension' is now interpreted as a remedial welfare benefit rather than an entitlement to deferred income already paid for by National Insurance contributions. References to the 'support ratio' of younger workers imply that the older generation is not paying its way, whereas many have paid over the odds with a lifetime of work and sacrifice for the benefit of younger generations.

Conclusions

Older people particularly need to know and understand more about how to get the best value from their money, because for them:

- ☐ decisions are urgent and immediate, if not too late;
- ☐ continuing paid work is uncertain;

☐ long-term income and resources are less secure;
☐ family needs have changed or are about to;
☐ long-term health is uncertain;
☐ pensioner poverty is an imminent threat;
☐ age discrimination is real.

Voters aged 50 and over, and even more so at 65 and over, are an increasing proportion of the population and will alter the demography of supply and demand in relation to financial services and products. They are conditioned by their own previous history of affluence and poverty, paid or unpaid work, income and expenditure, purposes and choices, related to different transition stages in their lives, and these factors affect women even more adversely than men. On balance, most older people are relatively poor and yet they are diffident about claiming welfare benefit entitlements.

Many will have uncertain and insecure levels of income for their older age, particularly those who had expectations of pension provision that will no longer be readily fulfilled by the State. With fewer older people currently in paid employment, the debate will be expressed in relation to the burden of fiscal support placed on younger people – but this is in itself an age-discriminatory argument, as most older people believe they have paid already and should be enabled to continue to pay their own way.

It is important to remember that poor pensioners are more likely to be in poorer housing and to have poorer health, with less active and more confined social lives. Lack of a reasonable basic income disables independent living, so in the longer term it is likely that there will be a potentially greater demand on other forms of welfare benefit which are likely to be more costly.

The causes and effects of these social inequities are multiple and complex and can only be touched on here, but increasing age clearly brings an added urgency for our elders. This is compounded by a lack of clarity about the mechanics of the system and who is responsible for what, especially in the provision of information and advice. Short-term publicity campaigns or one-off solutions to specific problems are not enough and there needs to be continuing access to up-to-date knowledge, with personal support from advisers or teachers to sustain it.

In carrying out project and development work, NIACE has identified a range of needs which are not satisfied sufficiently by current education provision, in relation to the tasks, problems and managing strategies which older people encounter.

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Can learning help?

In a recent (November 2001) MORI survey commissioned by the Prudential, sample interviews indicated that only 36 per cent of the public felt very confident about dealing with personal financial matters and 13 per cent said that they were definitely not confident. In addition, 42 per cent felt that their education did not prepare them sufficiently to deal with their own finances.

NIACE's most recent survey of adults' participation in learning was conducted in February 2002, and based on interviews with a sample of several thousands of adults aged 17 and over throughout the UK. It emerged that over the age of 55, 30 per cent or fewer had been engaged in some form of learning activity within the last three years, reducing to 20 per cent of those aged 65–74 and 10 per cent of those aged 75 and over. This compares with about 75 per cent of those aged 17–24. We know that positive experience of previous educational achievement and a terminal age of initial education post-16 are significant factors in convincing people to return to learning later. Unsurprisingly, therefore, surveys show that a substantial proportion of those aged 65 and over had not joined in any form of study since leaving school (Aldridge and Tuckett, 2002).

Older adults currently 50 plus are more likely to have left school under the age of 18 and even if they did stay on, they are less likely to have continued their education to an advanced level beyond that, particularly if they are women. Most are highly unlikely to have been offered any form of learning about financial planning and management beyond the basics, unless they were lucky enough to have been offered a crash course in anticipation of retirement from work or have a friendly local accountant or bank manager ready and able to explain the variable involved in the choice of financial products. Usually it's a question of too little knowledge imparted too late, and when you don't know what you don't know, you can't ask the right questions.

Throughout their lives, people need to make decisions about money – decisions affecting their present and their future. In today's society, the management of money is becoming more sophisticated, with more reliance on ICT as a dealing medium. For many older people, whose earlier experience was of a less flexible and comprehensive initial education system, there are several key issues:

- ☐ their acquired level of skills to manage financial processes;
- ☐ their lack of access to learning opportunities;
- ☐ their alienation by the increasing complexity of impersonal services;
- ☐ their social exclusion from the mainstream of economic life;
- ☐ the general failure of public confidence in the financial industries.

These issues are fundamental to personal development and are ideally dealt with on the neutral ground of adult education provision where the focus is the learning needs and interests of individuals, as a lifelong process. How do older people manage and how does this relate to their earlier experiences of running their homes, raising a family, work and education? What skills do they use and what other skills might they require? The important question emerging is how to define and respond to the different levels of skills and needs which lie behind the bare statistics of their absence from education programmes, contrasted with their 'financial literacy' needs.

Information, advice and guidance

> *Sometimes I do fully understand my commitments and requirements but a 'financial literacy' counsellor would be useful to confirm my own thoughts.*
>
> [NIACE FLOP questionnaire response]

Increased expectations of personal responsibility for financial matters must be supported by provision of the necessary information, advice, knowledge and skills by government and employers, delivered well in advance of individual need. The information presented by financial institutions in particular needs to be clear, concise, relevant and in plain English. Users, assuming they find information, need assurance that it is:

☐ trustworthy and impartial;
☐ objective and independent;
☐ centralised and consistent;
☐ simple and straightforward;
☐ clearly presented;
☐ brief, with basic explanations and sign-posting to other sources;
☐ relevant to older people.

Educational guidance approaches fulfil this range of criteria, aiming to support individuals who want to identify new directions to learn for their own purposes and choices. Nowadays, there is a wider range of organisations delivering advice and guidance through different media, so increasing means of flexible access for individuals. Local guidance services are available through adult and community education centres, city centre advice shops, colleges and universities, 'learndirect' as a telephone helpline backed with personal adviser support, as well as many voluntary sector agencies and non-departmental public bodies with specialist and targeted support roles.

Financial service and product suppliers also have an important role, provided they identify clearly their own commercial interests and the potential conflict with the client's personal interests. As yet, there is little linkage between educational and financial advice and guidance. Ways and means need to be found to make links between complementary services to allow older people to develop the skills, knowledge and understanding to make the complex and crucial decisions required.

Learning needs and ways of learning

Many adults turn to adult education in times of crisis or change in their lives, often the very times that they will seek financial advice or guidance, for example following bereavement or divorce, retirement and/or transition from benefits to work, or simply changes of employment.

The diversity of older people's situations needs to be taken into account here. The financial curriculum for somebody in their 50s, maybe still in employment, still paying into a pension scheme, still paying off a

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mortgage, still fit and active, will be very different from that needed by someone in their 80s, maybe in sheltered accommodation or residential care, maybe disabled or in poor health. It will be easier to cater for the former age group, as they are more likely to join in adult education already and so be easier to reach, and also because the topics covered within existing provision are more likely to be relevant to them.

At the same time, the whole range of learners' own purposes must be supported, whether they need to find out specific information, to solve a particular problem, to respond to a life crisis, or to know more about how financial systems work overall. They will also move on to different goals, for example a basic skills course, a Credit Union course, to vocational qualification courses or to start a business.

The learning needs of older women, particularly ethnic minority elders, are different again. While women generally control the domestic budget, older men traditionally have made the broader policy decisions regarding money and in some ethnic minority communities men will assume more prominent and active roles outside the home. There are implications for women in relation to their independence in financial decision-making both within marriage and even more so following separation, divorce or widowhood. Some women begin to realise this prior to living alone while many do not take on the full implications of it until it happens. In Australia some of the financial crises inherited by older women have become known as 'sexually transmitted debt'.

Women are at a particular disadvantage in the pensions market. The Financial Services Authority (FSA) states in its 2002 report that:

> *Being part of a couple suppressed ownership among women, with less than one in three married or cohabiting women having a pension, compared to one half of cohabiting and two-fifths of married men. Women with dependent children were half as likely to have a pension as men in the same circumstances.*
>
> *Whether this is an age effect, a generational effect or a combination of the two, the outcome is that there are increasing numbers of women approaching or already in retirement with little savings who will need to rely on state provision in old age.*

The report also states that women *believe themselves* to be less financially literate, less confident consumers and more risk averse. Divorced women can become financially vulnerable both through losing access to a pension and by being more likely to have to live on a reduced income. Women's income is likely to fall by 20 per cent following divorce. They are also likely to bear the brunt of child-care responsibilities and more likely to be in part-time or low-paid work.

This divergence between the financial circumstances of men and women can be even greater within certain minority ethnic groups. For example, the FSA reported that 31 per cent of Bangladeshi women had no financial problems compared to only 14 per cent of Bangladeshi men. Similar differences were found in some other minority ethnic groups. On the other hand, there is some experience of co-operative processes within some African Caribbean communities where money is shared through informal mutual savings schemes ('sous-sous', 'partners' or 'the money-box').

In Plymouth, the Racial Equality Council is working with education providers to promote the needs of older people in the Chinese community, for whom English is not their first language and for whom available financial services are not sensitive to their culture. Some other local providers are adopting similar methods to respond to cultural diversity, such as Age Concern with the Italian community in Keighley, in

Yorkshire. However, further research is needed in this area and would almost certainly uncover a range of inherent and perhaps different cultural attitudes regarding finance, with implications for financial inclusion and future curriculum development.

Many adult education providers responding to the NIACE FLOP survey stressed the diverse needs of the older population in relation to 'financial literacy' needs, approaching these not only in terms of age, but also personal circumstances and level of skills. The following quotations illustrate the point:

> *50 years embraces a huge age group, which means very diverse needs and this requires a set of different approaches. The people I work with are over 80 and frail to the point of problems with travelling and reading. It's a real problem when any initiative lumps them in with 65+ people in general because their distinctive and much greater needs will be ignored in favour of younger, more able people who will be much easier to help or work with and far easier to contact.*
>
> *Some pensioners, particularly widows may rely on investments and be uncertain of how to handle them. This aspect is of growing importance, given the onus for all to finance their old age. Investing small sums is critical for those on benefits or low incomes.*
>
> *Possible problems have arisen following redundancies of older workers in the last 10 years from local industry. Also older people on fixed low incomes.*
>
> *I am not sure what would make people sign up for what kind of provision. Possible difficulties would be the spread of need – from basic interest rules to advanced finance information needing specialist input, you would therefore need to target particular groups.*

In developing a wider range of teaching and learning strategies, the *ways* in which older people learn must be acknowledged and utilised in programmes. From the FLOP surveys and the focus group work, the following have been identified by them and those working with older people as being crucial to the successful delivery of any 'financial literacy' curriculum:

☐ learning by doing (hands-on);
☐ learning in short specifically targeted sessions, not lengthy courses;
☐ practical methods such as exercises, case studies, games and quizzes;
☐ learning with peers, being taught by peers, sharing information and knowledge with peers;
☐ women learning with other women;
☐ slow/repetitive learning, not moving on to new topics too quickly;
☐ non-judgemental and non-competitive;
☐ offered when people need it, at key changes in their lives;
☐ offered at appropriate times of day, for example lunch hours (with lunch provided!)
☐ free or affordable;
☐ building on previous experience.

> *It's important to use the existing knowledge that older people have, but pointing out that this can be transferred to new situations*

Although many older people feel isolated and apprehensive about using new technologies to access financial services, many are keen to develop computing skills for their own purposes, especially for text processing and communication by e-mail. Substantial numbers of older learners enrol on IT courses within Adult and Further Education. Many providers of Adult Basic Education (ABE) are becoming aware of the possibility of exploiting the interest in ICT to facilitate 'financial literacy' learning opportunities, while at a more advanced level web and CD-ROM based materials can be a valuable source of financial information.

Basic skills

Following the AdFLAG report, the Department for Education and Skills' Adult Basic Skills Strategy Unit (ABSSU) has been given the remit to bring coherence to the issues and methods relevant to the 'financial literacy' needs of adults. While this is a welcome initiative, it is suggested from NIACE research that many older learners requiring help with financial matters do not consider that they have a deficiency in the 'basic skills' of literacy and numeracy.

There is, however, a strong connection between 'financial literacy' and adequate standards of literacy and numeracy. The report *A Survey of Literacy and Numeracy Students* (Adult Literacy and Basic Skills Unit, 1992) indicated that only 4 per cent of students on literacy and numeracy programmes were over the age of 60. But although current data detailing Basic Skills participation rates of older adults are limited, available statistics regarding the basic skills levels of older people demonstrates that there are clear basic skills needs among older people.

A Gallup survey commissioned in 1995 by the Basic Skills Agency (renamed from Adult Literacy and Basic Skills Unit (ALBSU)) reported differences between the basic skills competencies of different age groups. Specific questions aimed at testing 'financial literacy' skills – shopping, hire purchase, percentage discounts – showed an increasing failure rate with age. Of those surveyed at ages 72–74, 21 per cent showed low levels of competency in literacy and numeracy compared to 8 per cent of all ages. The report suggested that this disparity was due to older people's lack of practice in particular skills in a changing world as opposed to an improvement in standards affecting younger people. This reinforces NIACE's research findings about the social exclusion of older people from learning opportunities generally. It also emphasises concerns about the use of the term 'financial literacy' implying a skills deficiency on their part. 'Financial knowledge' or 'financial understanding' are more inclusive as alternative terms.

In 1997, the Office for National Statistics *Adult Literacy in Britain* survey of adults aged 16–65 confirmed that age has an impact on literacy level, in that literacy levels seem to decrease as age increases. A later study by the Basic Skills Agency, *Basic Skills Needs: Segmenting the Target Audience* (2001), indicated that more than one in four of the total number of adults with poor basic skills are older adults aged 56–65 (about 1.8 million in total), while 33 per cent of those aged 50 plus have difficulty with basic skills, compared with about 20 per cent across the population as a whole.

The East Midlands Household Survey, undertaken by the East Midlands Development Agency (EMDA), indicates that age is also a factor in *self-perceived* ability in numeracy/literacy and IT skills. More people in the age range 55–65 perceived themselves to have 'no ability' or to be of 'very low ability' or to have 'adequate' levels of numeracy skills compared with those in the 16–54 categories. Fewer people aged 55–64 saw themselves as having a 'good' level of numeracy ability. Given that there is still an element of pride among older generations in their mental arithmetic skills, however, this may also reflect older people's lack of practice and consequently confidence with modern mathematics teaching and learning methods and IT systems such as spreadsheets.

At a more advanced level of basic skills, the need was also highlighted for older people to improve and refine communication skills relevant to committee work, negotiations, lobbying, report and letter-writing, and public speaking. The Cabinet Office-led 'Better Government for Older People' (BGOP) programme and the listening events held by the Inter-Ministerial Group on Ageing during the United Nations' Year of Older Persons in 1999, reinforced the need for older people to increase their knowledge of government and bureaucracy overall, as an important aspect of fulfilling their entitlement to active citizenship.

Basic skills programmes alone, however, are not enough and cannot provide the most appropriate context for the development and delivery of the wider range of learning programmes required. For example, explaining how a bank account operates might be a basic skills matter, but explaining the reluctance of the bank to open one for a relatively cash-poor customer is more complex. It is important that education providers recognise the need for a curriculum to be constructed around the needs and experiences of individuals, and for programmes to be based on activities that are meaningful to older people. These need to be delivered sensitively on the model of community-based provision, with a range of options that enhance the confidence of the learner in decision-making.

There has as yet been no Government follow up to the AdFLAG report, although an analysis of its impact has been commissioned. It is assumed that any adult financial literacy strategy will be delivered through the ABSSU and it is to be hoped that this will allow the broader and non-basic skills aspects of financial literacy to be explored and developed.

Wider curriculum development

> *Successful programmes would demystify structures and processes and encourage people to take more informed control of matters that directly concern and affect them. In the longer term they would stimulate and widen debate about issues of power, control, social justice and the need to reform financial institutions and the systems of social security, taxation and National Insurance.*
>
> (Kempson and Whyley, 1999)

The breadth and scope of learning programmes to encompass all-inclusive 'financial literacy' must enable people to take control of their own finances at all levels of knowledge. They must go beyond the narrow agenda of developing specific skills or the 'problem-solving' approach of specific advice on money management. They need to encourage critical thought, challenge the status quo and develop awareness of the processes of active citizenship and social change. Given the practical strategies adopted by many older people in managing their own financial affairs, learning programmes must be informed by and respond to the existing experience, knowledge and needs identified by older people themselves.

Meg Bond, in her paper *Towards Developing 'Financial Literacy' Programmes for Adults*, suggests that:

> *... learning opportunities rooted in the tradition of radical adult literacy may help to generate wider debate about the power exercised over people's lives by commercial and state financial institutions.*

She draws parallels between the dominance of the medical profession and those of the financial institutions:

> *They have developed languages which distance them from lay people and their fragmentation into specialisms and separate bureaucracies lead to the fracturing of individuals' lives ... and ... provide the experts with ample territory in which to assume control over the affairs of individuals, with few demands being made upon them to demystify their procedures or press for changes in the practices of the financial institutions.*

She advocates a response similar to that of educators working with women health service users in the 1970s and '80s, who sought to 'empower them on their personal dealings with the health services in order to make the latter more sensitive to their needs'.

If we are to challenge the more traditional top-down, expert-driven models of learning and to adopt a learner-led approach delivered in partnership with financial experts and institutions, it will be essential to identify the different skills and learning objectives required of 'financial literacy' programmes, as well as who delivers programmes, how and where.

Conclusions

Discrimination against older people is compounded by their exclusion from learning opportunities. Older women and older people from black and minority ethnic communities are even more marginalised. Despite the rhetoric of social policy they continue in practice to be regarded as of lesser importance. Despite the likelihood that they had fewer educational opportunities when younger, with a narrower school curriculum and less chance of achieving access to advanced levels of further and higher education, they are not considered to be a priority, although equity would require that they be so regarded.

Older people find it more difficult to obtain impartial, objective but personalised information, advice and guidance. They are not uniform in their circumstances, choices and purposes, but are as diverse in their interests as younger generations. Learning programmes, however, are rarely designed to meet their needs even in a most generalised way. Although some might need support by way of basic skills programmes, by no means all of them do and they need a wider curriculum with more flexible entry and exit points, especially in financial matters that are highly personal and usually urgent, from their perspective.

Although much curriculum development can be derived from adult basic education practice, the issues and concerns are broader than basic skills and need to be taken up by many other agencies and providers. It might be necessary to reconsider the term 'financial literacy' and its current definitions to ensure that the concept is understood by, and the terminology is acceptable to, older adults themselves, given their diversity. While it is important to derive commonly understood terms and definitions, they should be created and influenced by the communities concerned.

The 'financial literacy' curriculum, however, is still underdeveloped as a topic of learning for all adults. Based on a growing interest and recognition of need, recent national initiatives are beginning to identify the development of better learning programmes as an essential feature of empowered citizenship, particularly for older people. Local Learning Partnerships (LLPs) need to research local needs in order to develop planned provision, working with other agencies interested in both the welfare of older people and their interface with financial institutions. Learning and Skills Councils (LSCs) need to encourage such planning and provision, allocating funding to both non-accredited and accredited programmes.

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Asking the right questions

Little research evidence has been collected so far about the extent of financial knowledge and skills of older people as a specific group within the adult population. During 2000–2001, NIACE carried out project-based development work, primarily with the Basic Skills Agency, Help the Aged and the Pre-Retirement Association, in order to listen to older people's views, to explore the topics with which they dealt with confidence or with some difficulty, to contribute directly to the development of a 'financial literacy' curriculum for older people and to identify sustainable structures to support this in the longer term. In addition, a literature review was carried out and regular searches of websites conducted to identify relevant information and materials.

An advisory group was established for the project work, and this also included representatives of several other interested agencies consulted in the course of the work, including the DfES, the FSA, the Centre for Policy Studies on Ageing and other organisations concerned with older people and issues concerning ageing. Consultations also involved local education authorities and local community groups. While the project work was taking place, the then Minister of State for Education and Employment established the Adult 'Financial Literacy' Group (AdFLAG) to look at issues of adult 'financial literacy', using the initial phase of NIACE project work in Havering as one example. A later stage of the project work was funded by Halifax Bank plc.

Aims, objectives and methodology

The overall aim of the work was to investigate the levels of financial knowledge, understanding and consequent learning needs of older people and to develop an appropriate curriculum to satisfy these. This involved developing educational materials and techniques tested with basic skills students and also participants in pre-retirement courses.

The primary objectives were to:

☐ identify financial topics relevant to older people;
☐ investigate the role of key financial and older people's organisations in providing information, advice and guidance, including relevant materials;
☐ investigate current financial education provision and instances of good practice;
☐ determine existing accreditation routes and teaching material available;
☐ develop diagnostic guidance materials to identify older people's financial knowledge, understanding and concerns;
☐ develop and test new learning materials at Level 1 of the Adult Basic Skills Standards.

Intended outcomes were:

☐ a set of replicable learning objectives to assist others
☐ learning packs with relevant curriculum and guidance notes for tutors
☐ reports highlighting overall outcomes and new directions for further development

This was probably the first project for some time to address some of the key issues identified. Much of the work involved surveys and focus groups, to elicit the views of older people themselves and also of the practitioners who work with them. The process of work with focus groups is described in more detail in Appendix 2.

There were several different phases of work:

(i) A small-scale mapping exercise undertaken in the Year of Mathematics in 2000, by The Learning Freeway at the Adult College, Havering, Essex.
(ii) Direct consultation with older people by way of four local focus groups, in Coventry, Guildford, Canvey Island and Oxfordshire, as part of the FLOP project.
(iii) 'It doesn't add up' project with an expanded survey of older people's views through focus groups in Coventry, Leicester and Glasgow.
(iv) A survey of adult and community education providers, and a survey of financial institutions' views.
(v) Testing materials with two pre-retirement focus groups, and by means of a survey of pre-retirement course tutors, through the PRA.
(vi) The development of a generic curriculum and materials by the BSA (described in Chapter Six).

Understanding the context of the work and the social climate in which it was being delivered was important. As the project developed, however, it became more complex, the definition of 'financial literacy' was challenged and a wider understanding of the term was developed.

The initial concept was that materials could be developed for use in basic skills settings, but early in the course of the project this changed to the aim of producing materials and guidance notes useful for different learning purposes and in different settings where older people gather or where they seek advice. This led to questions about the use of generic or more specific 'financial literacy' materials

The Learning Freeway at the Adult College, Havering

NIACE, working with the BSA and Help the Aged, compiled a questionnaire to survey a sample group of 350 Learning Freeway students aged 50 plus about the degree of difficulty they had with a range of financial and money matters. The 110 responses revealed that nearly 36 per cent experienced some or extreme difficulty with financial numeracy skills; 31 per cent experienced some difficulty with banking and 38 per cent with credit cards; 26 per cent with shopping and 29 per cent with fuel bills. Overall, up to one-third of those asked expressed some or great difficulty with a range of services, including using cash machines and understanding tariffs.

While this was a fairly small-scale survey, it raised issues worth pursuing in further studies.

FLOP project focus groups

The DfES with AdFLAG funded further project work to inform their concerns about 'financial literacy' for older people. This aimed to explore the views of older people themselves about their priorities for learning more about financial matters and to develop suitable guidance materials to assess individual and group needs for learning support. Focus groups were an essential means of gathering opinions, experience and ideas from groups of older people. Questionnaires worked well as a starting point for the groups and while the small number of completed questionnaire responses did not provide sufficient data for in-depth analysis, they did shed light on some areas of specific concern.

Questionnaires were developed and expanded from those originally used within the research study at Havering. They asked respondents to indicate the degree of difficulty they experienced with different aspects of a range of money management issues, where they would go for help, what reference information they would find helpful and encouraged comments of their own. Several of the questions dealt with numeracy issues and it was felt appropriate that the materials developed should attempt to deal with some of these, for example metrication.

Overall, the responses showed that:

☐ most were confident or could 'get by' with shopping, including comparing prices, value for money, estimating costs with both percentage and fractional increases or reductions, understanding receipts, and dealing with mail order sizes, charges and payment terms;
☐ some had difficulty with hire purchase payment terms, and nearly all expressed difficulty with metrication;
☐ while some dealt confidently with automatic cash, ticket and vending machines, as well as petrol pumps and parking meters, others found this difficult;
☐ on banking, savings and insurance, most could deal with choosing and using a bank account, and selecting insurance cover;
☐ many had difficulty in understanding different forms of accounts or loans, interest rates both net and gross, and bank charges or credit card terms and conditions;
☐ in relation to paying bills, most could deal with reading meters, and using payment forms, standing orders or direct debits, but some found it difficult to understand utilities' bills;
☐ most experienced difficulties in dealing with the benefits system throughout finding and understanding information, knowing about entitlements and filling in the forms; this was the area of knowledge where confidence was most evidently lacking;
☐ in relation to managing a budget, most said they were able to cope, although some were honest enough to admit to some difficulty with record-keeping.

Most of the respondents used a bank account and had a separate savings account of some sort. Some were interested to know more about on-line banking and some said they avoided filling in forms, although this reluctance might be impatience with bureaucracy rather than an inability to cope. Most preferred to make payments in cash, with a few still using cheques and several used credit cards and hire purchase. Some still had a mortgage, or were paying rent for their accommodation, while a significant number were interested in investments, for example stocks and shares.

This mixture of responses demonstrated how differently older people can view their own financial circumstances and their choices about money management, but it also gives an interesting insight into the ease or difficulty they have in common, on some topics. Involvement with the project encouraged one group in particular to take ownership of their own learning and expand the original remit given to them. It has also resulted in two groups continuing with 'financial literacy' learning beyond the length of the project.

'It doesn't add up' project

Halifax Bank plc wished to pursue further some aspects of the work, especially:

☐ to find out more about older people's views of financial affairs;
☐ to seek views of different practitioners in financial advisory roles;
☐ to identify means of follow-up action.

The overall aim was to produce a report with recommendations for action and further discussion and particularly to consider what forms of information and advice would foster knowledge and understanding of financial issues.

In response to questions about managing financial transactions:

☐ nearly all were confident about completing bank cheques and paying-in slips;
☐ many were confident about understanding interest rates and bank charges, although some experienced difficulty;
☐ many were confident about using cash and ticket machines with only a few experiencing difficulty;
☐ in relation to credit cards, many were confident about choosing them and some of them were confident about understanding terms and conditions, especially interest rates, but a few found all of this difficult;
☐ only some were confident about understanding different types of loans;
☐ on insurance and mortgages, several were confident about their understanding, but some said they were only just able to get by and found it difficult to understand the terms and conditions;
☐ only a few felt confident about foreign currency changes with several saying they found this difficult;
☐ many confidently managed a budget and said they were able to get by with budgeting generally, but only some felt confident about asking for advice;
☐ many were confident about dealing with their pension and knowing where to go for advice, whether state or personal but some had difficulty in understanding what they were entitled to claim;
☐ welfare benefits were even more difficult, as only a few were confident about finding and understanding information, saying they experienced difficulty with this and many experienced difficulty in getting to know what their personal entitlement was;
☐ most were confident about their Council Tax but only a few felt the same way about Income Tax, which many had difficulty in understanding.

When asked where they would feel most confident about asking for advice on using or managing money:

☐ many mentioned a trusted financial adviser or the Citizens' Advice Bureau;
☐ some said a friend or relative;
☐ several said a bank or building society or a local adult education class;
☐ a few identified a community/voluntary organisation or the public library.

Overwhelmingly, most people wanted advice face-to-face with fewer wanting a visit at home or at an institution or advice by telephone.

In May 2001, a postal survey of organisations in the finance industries was also conducted by NIACE. An additional questionnaire was sent to 2,000 organisations dealing with financial information and advice, but only 103 replies were received of which 83 were from Citizens'Advice Bureaux so that the feedback is skewed toward their advisory role and experience. Other responses included two from local authorities, two from credit unions, with about ten from banks, building societies or other financial industries.

While the survey did not give a comprehensive overview of other organisations' perceptions of older people's concerns, the respondents broadly recognised that people deserved better understanding of the whole range of financial matters and that this is a more complex area of learning than simply the need for basic skills of literacy and numeracy, and the ability to handle debt. Pensions were considered to be the most important single issue, with retirement planning and balancing reduced income against expenditure close behind. Benefit entitlements, savings and resourcing health and long-term care were cited as high priorities, but insurance and tax matters were ranked low, perhaps reflecting the skew of respondents. Citizens' Advice Bureaux tended to consider issues mainly from the perspective of financially disadvantaged clients, while the financial industries' perceptions were about wealthier customers.

Most respondents did not produce advisory information specifically targeted at people over the age of 50, although they recognised that this would be useful. Some awareness of relevant websites was evident. Overall, the need for better education provision was acknowledged, for both younger and older people, and the link between 'financial literacy' and financial wellbeing was recognised.

Key messages emerging from the study included:

☐ older people's concern to operate within a cash economy, avoiding debt, and their anxiety about long-term dependency on care;
☐ older people's preference for face-to-face advice, which is relevant to their lives and interests, and which could be geared to either individual or group consultation;
☐ the consequent need for financial advisers who can act independently and competently across a range of financial topics;
☐ the need for a better supply of information, objective and reliable, jargon-free, in clear language and format, with standards for presentation;
☐ the need for better co-ordination of information, advice and guidance to minimise conflict of interests also terminology;
☐ the lack of clarity and therefore understanding of institutionally-provided information, both by government authorities on taxes and benefits, and by financial institutions on financial products and procedures;
☐ the mistrust of the motivation of institutions and their sales-force approach;
☐ the potential for local financial institutions and other agencies to act together to facilitate local advisory and consultative forums where older people can raise issues of concern;
☐ the need for a clear learning curriculum for the provision of financial knowledge and skills.

Survey of education providers

In March 2001, a survey was conducted through NIACE's network of providers of adult community education to assess awareness of the need for a 'financial literacy' curriculum and what response was being made already. A questionnaire was sent to all local education authorities and other adult education providers in order to ascertain the experiences and knowledge of front-line learning and other service providers on this subject. A brief explanation of the project was given and the following questions asked:

- ☐ Have you come across the term 'financial literacy' before?
- ☐ What is your understanding of the term 'financial literacy'?
- ☐ Are issues around 'financial literacy' delivered as specific learning activities within your area for older learners/other age groups?
- ☐ If yes, how is this work promoted?
- ☐ Are you aware of any skills needs among older people within your area in relation to better understanding, handling or managing money? If yes, how would you like to see this addressed?
- ☐ Are you aware of specific strategies for problem-solving which older people utilise in relation to financial matters?
- ☐ Are you aware of or have you created materials on 'financial literacy' to support learning programmes?
- ☐ Any further comments?

Three hundred and thirty-five surveys were returned from local education authorities/local Lifelong Learning Partnerships/libraries (20 per cent of total respondents); higher education institutions/further education colleges (50 per cent); WEA, U3A, Age Concern and other voluntary sector (15 per cent); others (15 per cent).

This does not reflect accurately the proportion of each sector's provision, but more their enthusiasm for completing questionnaires! There was sufficient volume of response, however, to obtain useful information and draw some broad conclusions.
Although only 5 per cent of survey respondents offered discrete provision to older people in relation to money issues, 42 per cent indicated that they had recognised 'financial literacy' needs among older people and 17 per cent intended to develop local programmes, to meet this perceived need. Although many believed the need existed, they gave little 'hard evidence' for this.

In general, tutors were concerned about giving advice on specific topics, such as tax affairs, benefit entitlements, contract terms etc and felt that specific teaching-and-learning materials would be useful. They were also worried, however, that any paper-based resource covering even the most cursory financial information would be unwieldy and quickly become out-of-date.

Pre-retirement association project

Although the project arose initially in a basic skills setting and was primarily intended to research and improve basic 'financial literacy', links with the PRA presented an opportunity to research how skills were being used in pre-retirement activities. Two significant issues considered in the project work were how to reach older people in their preferred locations and what individual circumstances needed to be taken into account. Pre-retirement courses are generally focused on older people, to help them make choices and decisions in the short and longer term, as paid work is left behind. They made a good test-bed for improving the information provided and to examine effectiveness of teaching and learning environments in which it is used.

Key points that emerged from PRA focus groups were:

☐ Participants felt that taking responsibility for their own financial affairs was hampered by being overwhelmed by information that was not always clear and reliable *or* that was misleading or poorly presented, compounded by the difficulty of finding information relevant to their individual needs.
☐ 'Financial literacy' skills require a broader concept than an almalgamation of the basic skills of literacy and numeracy. In pre-retirement settings there are concerns about the range of competencies required to make decisions about personal finance.
☐ Focus group members found that financial literacy skills usually involved coping mechanisms and were acquired mainly by experience rather than by planned learning. Such skills had to change continuously with circumstances, resources and life stages.
☐ The structure and timing of pre-retirement courses should be reviewed in the light of changes of retirement age and pensions, and the increasing trend towards personal responsibility for financial security in later life.

From this, a follow up activity was delivered with the groups that had responded positively in a subsequent evaluation exercise. The PRA developed a core curriculum for delivery of a financial education module, which could be added to pre-retirement courses. A set of learning objectives was drawn up and a three-hour session designed to meet these, covering:

☐ definition and principles of budgeting;
☐ case-study exercise in assessing retirement financial impact and needs;
☐ feedback/plenary to check understanding of identifying and accessing income and expenditure; short, medium and long term planning; estimating, forecasting and reviewing; managing and monitoring;
☐ sources of information and advice and how to evaluate these, using a money quiz, and discussion of assessing/utilising professional money advice;
☐ take-home exercise on personal budgeting.

A brief questionnaire was sent also to about one hundred tutors trained by the PRA to deliver pre-retirement courses, and not previously in touch with the project. The questionnaire was slightly adapted but still aimed to elicit their perceptions of 'financial literacy', how it is or could be approached, their experience and needs as tutors, etc. Of the 28 respondents, most had heard of 'financial literacy' and almost all of them interpreted the term in relation to knowledge and understanding, with particular skills and competencies, and involving confidence to deal with complex information. There was appreciation of the individual and personal nature of the skills and experience brought to bear on financial problem solving or managing, and the needs arising from specific life situations.

The key issues were seen to be: understanding financial affairs in relation to one's own life; recognising choices and purposes, values and priorities; how to manage money, financial planning and budgeting; recognising sources of information and advice, understanding the terminology and jargon; understanding specifics such as income tax, pensions, the benefits system and investments. Almost all said that 'financial literacy' was delivered as a specific set of learning activities within their own pre-retirement courses and most offered a range of examples, usually involving group discussion as well as specific input from tutors themselves or specialists. Most tutors were aware of the difficulties of assuring impartiality and had found various ways of dealing with this. Many had obtained relevant information or teaching materials, and some had developed their own, but they recognised the need for more and better materials of a clear, objective and explicitly educational nature (Walker, 2001).

Among additional comments offered were:

> *Support group work to avoid the sharing of misinformation.*
>
> *Enable people to identify issues they wish an 'expert' to respond to and give confidence to pose questions and challenge the answers.*
>
> *Include a broader, more radical view of financial management and literacy, for example some financial strategies have costs to individuals and to societies and to future generations – concepts of fairness and sustainability make good discussion bases.*

Conclusions

As an outcome of the project work overall, much was learned about older people's own views of their financial knowledge and understanding. On the basis of direct feedback from focus group interviews, a clearer view was developed about how they manage, what they already know and what they want to find out more about, where they usually go for advice and what further learning opportunities would be productive. Based on these findings, the project partners designed and piloted the FLOP teaching and learning materials as an initial framework for curriculum design.

The focus group and survey work within the NIACE project evidenced the variety of existing skills and learning needs among older adults. There was some diversity among respondents in recounting what they dealt with confidently, but also some interesting commonality of views about difficulties with technological gateways to information and with 'the small print' of contractual terms and conditions, especially in relation to State benefit entitlements and income tax. The need for understandable and consistent information and advice is clearly critical. There are significant messages about preferring to deal in cash rather than credit, avoiding debt of all sorts, and a serious mistrust of the sales presentations of the financial industries.

Overall, it has been established that older people have great interest in and a need to learn about financial matters, especially at significant life stages such as retirement, when they are dealing with challenges to their previous money management and planning. It is essential to improve the quality of communication of financial information and advice and to facilitate better understanding of financial tasks and responsibilities through learning programmes. There is a belief that people can learn more at this stage and beyond by:

- ☐ reviewing existing skills and ways of managing;
- ☐ assessing current and future challenges;
- ☐ developing confidence to apply basic principles to your own situation (reduce avoidance behaviour, increase motivation to act);

☐ empowering people to get better service from 'experts';
☐ challenging disempowerment and misleading practice;
☐ avoiding dependency which can lead to vulnerability;
☐ providing a 'safe' and relevant learning opportunity.

Within NIACE's 'Older and Bolder' initiative, this project work is part of a continuing process to enhance the social and economic inclusion of all older people. It is important to acknowledge that the production of a fully comprehensive 'financial literacy' curriculum for older people is not within the scope of this current work, but the project has gathered information and knowledge about 'financial literacy' that can be used in learning programmes in the form of prompt/guidance packs for providers working with older people in various contexts. The FLOP diagnostic questionnaires and guidance materials are available through NIACE's website at www.niace.org.uk.

The materials developed have served as a starting point for further work in the light of the new literacy and numeracy curriculum and accreditation processes. The project work has shown, however, that the size and scale of 'financial literacy' as a topic is much wider in range than the basic skills context in which the curriculum was originally developed.

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Designing a curriculum

From NIACE research and project work, it is clear that there is an urgent need for more and wider-ranging education provision about financial matters, especially for older people. The question now is what sort of curriculum is required for adults?

An essential prerequisite for the design of an appropriate 'financial literacy' curriculum is to listen to the voices and views of older people themselves. Through focus groups and surveys, it emerged that some older people felt that they needed to develop greater mathematical competence and so the materials developed (and available on the NIACE website) include work on percentages and metrication, for example.

Initially, the NIACE project set out to develop a 'financial literacy' resource for older people, to be delivered in basic skills and adult education settings, mapped to national adult basic skills standards to make access to funding easier, and with guidance notes for use. Once the initial FLOP materials had been developed, packs were piloted with three of the original focus groups (Coventry, Guildford and Oxfordshire) and then amplified for further piloting with pre-retirement course groups. As the project developed, however, it became apparent that designing a specific curriculum for older people would be of less value than designing a generic curriculum or framework that could be adapted to respond more flexibly to a variety of needs. Indeed, specific learning materials, developed in Havering, concerning pensions soon became outdated as benefit rates and entitlement rules changed.

As the focus groups expressed their concerns, it became obvious that the agenda was broadening: many older people wanted information to help make specific decisions around particular problems and/or were interested to find out more about specific topics. It became more important to identify main areas of concern, as expressed by the older people directly involved, and supported by other research work elsewhere, in order to create appropriate but generic learning materials and design a curriculum with flexible entry and exit points. To do this, we need to consider the responses of older learners in more detail, looking at the sorts of tasks and strategic approaches which they identify.

Scope and scale

An inclusive curriculum has to be broad in scope. A wide range of financial skills, knowledge and understanding is required to undertake all the tasks which older people identify they need to deal with in later life, such as to:

☐ plan for retirement;
☐ make smooth transitions between types of work and between paid work and voluntary activity;
☐ start a new business;
☐ sort out tax and National Insurance contributions;

☐ ensure receipt of an array of benefit entitlements through an assortment of complex and changing procedures;
☐ ensure an adequate pension;
☐ re-examine insurance needs: personal, possessions and health;
☐ move between various types and styles of accommodation;
☐ pay the bills;
☐ open and close various accounts;
☐ take out loans to increase spending potential;
☐ make adequate provision for children, grandchildren and elderly relatives;
☐ fund their own learning.

Meanwhile, many people still live in poverty. They are likely to include older people either in receipt of a State pension or who may be disabled, in ill health, on low incomes or unemployed and receiving benefits. Simply to ensure that they were receiving the correct entitlement might require them to:

☐ know what is due and how to apply;
☐ ensure that it is paid correctly and at the right time;
☐ understand the implications of combining wages, pensions and various means- or disability-tested benefits;
☐ take action to rectify problems or mistakes that have arisen.

Each financial task to be undertaken requires a range of different skills and a raft of information and knowledge that can confuse the most numerate and well-educated person. It is not only the complexity of these individual tasks, transactions and decisions that must be taken into account, but also the interaction between the various systems and procedures involved. These are likely to be most complex for those who are least well off. This aspect of money management has huge implications for teaching and learning in 'financial literacy' but often it seems to be ignored.

Learning objectives

To reflect the scale of the topic, an amplified set of learning objectives is set out below, resulting from the consultation processes adopted in NIACE project work. The list is not exhaustive but indicates the wide range of personal awareness and skills that need to be considered in order to:

☐ identify personal attitudes towards money and personal 'financial literacy', including needs, preferences, aspirations, obligations;
☐ understand personal financial responsibility and its implications;
☐ understand the importance of money at various stages of life;
☐ set personal financial goals with budget planning for the short-/medium-/long-term: monitor, review and adjust plans as required;
☐ identify and address relevant gaps in literacy and numeracy skills;
☐ identify and address relevant gaps in ICT skills and use of new technologies, including cash machines, ticket machines, digital phones, using the Internet;
☐ maintain record systems for tracking income, expenditure, assets and liabilities;
☐ identify and access sources of information and advice;
☐ interpret, evaluate and compare products and information;

☐ understand the role of financial institutions and advisers;
☐ understand the role of other agencies and organisations in providing products, advice, information and educational guidance;
☐ be aware of and understand the current economic climate and shifts relevant to personal situation;
☐ manage to sustain a reasonable standard of living on a reduced income;
☐ manage debt.

as well as to make choices and decisions about:

☐ bank accounts;
☐ appropriate savings opportunities such as savings accounts and/or investments
☐ personal pension provision;
☐ concessions, benefits and entitlements relevant to older people, such as Winter Fuel Allowance or travel concessions;
☐ tax, including Income Tax, Inheritance Tax, Bereavement Tax, National Insurance, VAT;
☐ housing costs, including maintenance;
☐ taking out a loan;
☐ mortgages and their implications;
☐ bills, comparing providers of utilities, assessing various payment methods;
☐ insurance, with assessment of different cover and costs;
☐ wills and bereavement.

All of these issues and items require literacy and numeracy skills but also personal skills in:

☐ listening;
☐ self-expression;
☐ confidence;
☐ assertiveness;
☐ information gathering;
☐ identification and solving of problems;
☐ decision-making.

In addition, from the focus groups and survey responses, many specific topics were identified for teaching/learning support.

Paying for goods

There was a large demand within the groups for help to develop three specific areas:

☐ understanding metric measures
☐ percentage and fraction discounts
☐ calculating and estimating

While individuals often adopted strategies for 'getting by' with shopping, it was felt that a greater knowledge of these types of calculations would lead to being more in control, ensuring value for money and not being 'ripped off'.

> *I usually do with the metric what I did for ages with decimals. I keep referring back to what I knew, pounds and ounces, but I don't want to do that for ever.*

> *If I can't understand all the things they put on the things I want to buy, I can't understand if I'm buying the cheapest thing I can get can I.*

There is widespread avoidance of credit. Although many people owned credit cards as shown through responses to questionnaires, they seemed to be used less frequently.

> *If you only buy what you can afford you won't get into trouble*

They are recognised as being an easy path to debt and are mistrusted as part of a 'con by financial institutions to trick money out of people'.

Some credit problems occur in connection with catalogue shopping. This is an attractive option for many people in this age group as it offers the ability to purchase a wide range of goods from the comfort of home, but difficulties arise through hire purchase or other terms that are not clearly defined or understood. Often the practicalities concerning the return of unsuitable goods are complicated and unwanted goods are kept or time elapses between purchase and payment and interest payable increases substantially and automatically. Form-filling often requires help and the need for understanding metric measurements when purchasing clothes can be a further hindrance.

Paying for utilities

Most people consulted paid their bill by either cash or cheque. A cash culture still predominates among this age group. Often this is particularly true of people in certain ethnic minority communities (Chinese, for example), who pay for everything by cash, as many do not have a bank account. People expressed a desire to hand over money or a cheque in person and to receive a receipt as this fostered a feeling of control.

> *I like a cashbook you can hold and read yourself.*

Direct debit and standing orders, although employed by some, did not predominate as a method of payment. Again, this is mainly due to lack of trust in the procedure.

> *You can't keep your eye on it can you? And if they make a mistake you might not notice and it would take ages to put right.*

However, as a consequence of under-use of the direct debit facility, many older people do not benefit from the discounts often associated with this method of payment.

Collection of stamps and vouchers is also a popular way to facilitate regular payments and to avoid lump sums. Yet the fact that these payments in advance do not accumulate interest to the consumer is not considered – the convenience presumably being of prime importance.

Many people 'have a look' at their utility bill statements as they arrive. However, most individuals state that they do not check them thoroughly and are put off predominantly by a combination of the jargon used and the layout of the mathematical information. For example, the use of percentages and decimals.

There is a reluctance to shop around for the best rates and deals on offer from the various utilities companies. People feel swamped by salespeople and bombarded by literature assuring them of ever-better service and prices.

> *Trying to compare all the folk that give you gas and electricity and phones and TV is too complicated for most people to do. You might as well stick with what you've got; at least you don't have to go through all the bother of changing all your paper work.*

People are inhibited about sorting out problems or making enquiries of their utility companies by the automatic telephone response systems adopted by most of these. They are confused by digital handset procedures, reluctant to communicate with a machine rather than a person and resentful of the costly time that these procedures incur. This could be an area to be covered in any learning programme that explores ways to deal with this lack of confidence.

Banking/savings/insurance

Most people consulted had a bank and building society savings account, although for the few who did not (for example, the Chinese Community Group) this seemed to be due to a combination of factors: lack of spoken and written English, lack of understanding of procedures, uncertainty as to whether individuals had sufficient monies to open an account, lack of confidence in financial institutions to handle money safely. However, even where people did have an account, access was limited by:

- ☐ literacy skills ranging from difficulty filling in cheques and paying-in slips to lack of understanding of financial terminology;
- ☐ presentation of literature is alienating, owing to its complexity, lack of plain English and use of inappropriate images, irrelevant to older people;
- ☐ automated transaction machines (ATMs) inhibit many older people for a number of important reasons:
- ☐ fear of being vulnerable to attack;
- ☐ lack of confidence about procedures for use and what to do if they get it wrong;
- ☐ forgetting PIN number or confusing it with another card number;
- ☐ facelessness of machines, preferring to deal with a person;
- ☐ not being able to see the screen properly.

> *What would happen if that thing swallowed my card? I'd be left standing there with no money and no card. What are you supposed to do then?*
>
> *It's not much to ask to want to talk to a person is it?*

Experience of technology in relation to financial transactions was largely negative. Further technological developments, for example towards Internet banking, continue to foster an atmosphere of 'them and us' and of being left behind.

> *Why do they assume that every one has a computer? Not everyone can afford one.*

Most people, however, were positive about what computers have to offer in more general terms and keen to develop their own skills in this area, recognising the potential of computers for further learning.

There is universal mistrust of financial institutions with banks and insurance companies coming off worst. Building societies are perceived to be better but there is a general view of 'trust nobody'.

> *Advice that comes for nothing has a price attached.*

People generally trust Credit Unions as co-operative and community-based organisations providing low-cost loans, although there is lack of knowledge regarding their function and means of access.

Insurance policies are widely seen as a necessary evil and many people have bitter experience of claims made but not honoured, despite many years of paying into a scheme. They are seen to be unnecessarily costly and to be avoided if possible, but growing worries regarding health and long-term residential care foster interest in relevant schemes, and they also serve to increase anxiety levels further.

> *I know it's possible to insure about long-term care and it's probably a good idea but it's too expensive to do if you start late anyway.*

People are not shopping around for products and as a consequence are liable to miss out on the best deals. Bank and savings accounts are most often maintained with the institution and branch where they were first opened, due to a combination of loyalty, accessible location, dislike of change and familiarity with both procedures and staff. In another example, members of the Chinese Community Group obtained travel insurance through their travel company when returning to Hong Kong to visit relatives because they were not aware that it was possible to purchase more cost-effective policies through different companies.

Pensions and retirement

Although many people find that it is too late to change their pension provision significantly, there is much anger and resentment concerning this issue. This is directed particularly towards employers who did not provide the necessary relevant information while still in employment, towards independent financial advisers and pensions institutions for mis-selling plans and/or for mismanaging funds. A lot of trust has been sacrificed and there is much work to be done to regain it. Most people wish they had known more, sooner.

There is a general realisation of the need to plan for retirement and for managing on a reduced income in order to allay fears and avoid financial difficulties.

> *A sea change happens at retirement. It takes a while to realise that the future is here. You have to match your expectations with reality and re-focus in relation to your new income.*

> *We should develop better habits around money earlier and learn as we go along.*

There is confusion over accessing pensions and entitlements, particularly among women, following divorce or widowhood.

Welfare benefits

People are confused about where to get trustworthy advice on their personal entitlements. This is an area of extreme dissatisfaction and low confidence, with a lack of clear information.

Questions arising are: 'What am I entitled to?', 'How do I get it?', "Where do I go for help or advice?'

There are particularly significant gaps in knowledge regarding entitlements and concessions specific to older people, for example Winter Fuel Allowance, Council Tax concessions, and travel concessions.

People are deterred from making claims by the complexity of forms and inordinate demands on their literacy skills. They think that there is complex set of bureaucratic obstacles to overcome to access benefits systems, which are perceived as a game of chance.

> *You have to know how to play the game. You have to know how to fill in the form, what words to use to get what should be due to you. Some people are good at that, some aren't.*
>
> *It seems very unfair to me. Two people can get different results but be in the same boat.*

They are often uncertain about where to go to get practical advice and help, although most people will go initially to their local Citizens' Advice Bureau (CAB) for advice on benefits issues, or to a local community centre. Locally, education providers need to develop and maintain links with advice agencies such as CABx, that can refer people to adult education for personal development and for skills building. At the same time, issues that might be resolved through a trusted advice agency can arise initially in learning situations.

Managing and budgeting

> *We have to budget because we don't have enough money not to.*

Most people felt they were in control of their finances, although methods of budgeting were generally informal. There was some awareness of the benefits of more formalised budgeting. While some people budgeted effectively on a weekly basis, fewer sought to manage their affairs over the longer term. Many women realise that having left financial management to their husband, they may have difficulties managing if they are left on their own through the loss of their spouse.

> *I never go to the bank, my husband always gets money out and he pays all the bills and stuff, but I need to do it, don't I, in case ... well you know.*

There was recognition, however, that there was a need to monitor the balance of income and outgoings, in both the long term and the short term.

More long-term financial concerns include:

- ☐ cost of health care;
- ☐ long-term care costs for self or more elderly relatives;
- ☐ providing for children and grandchildren;
- ☐ making a will – how to make one, the consequences of not making one, not wanting to be a burden to the family;
- ☐ understanding taxes on death;
- ☐ 'getting the financial house in order' generally and how to avoid creating difficulties for surviving relatives;
- ☐ worry about the problems people get into when taking out a loan, but feeling that for some people this is the only way to increase income;
- ☐ anxiety with regard to making investments to provide for the future, and resentment at various levels regarding being penalised for savings.

> *If you have been careful and saved you're not entitled to affordable opportunities.*

Key points – tasks and learning topics

1. Individuals' financial concerns are predominantly linked to changes occurring in their lives: work and redundancy; retirement; loss of spouse; family issues; deterioration of health; increased dependency; housing and care.
2. Older people tend to operate largely within a cash culture and avoid credit.
3. Although credit-related debt is largely avoided, debt is accrued in other ways.
4. Older people are not seeking advice on debt, by way of advice organisations.
5. People are not utilising financial institutions fully, owing mainly to lack of trust and understanding of information.
6. People do not shop around for competitive rates or deals from banks, building societies or insurance companies for similar reasons.
7. Financial exclusion within minority ethnic and linguistic communities is usually a consequence of language barriers and issues of literacy.
8. People feel isolated by technological developments and this is likely to increase with further automation of procedures, especially pension payments.
9. At the same time, many are keen to learn more about computers and the Internet and realise the increasing need for this.
10. A personal face-to-face approach to financial transactions is preferred.
11. Many older people are not receiving relevant information early enough to make sufficient provision for their retirement.
12. There are significant gaps in people's knowledge of benefit entitlements and how to claim them.
13. There is a significant need for older people to receive help in developing the skills necessary to make financial plans for the long-term.

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Coping strategies

Families and friends

It is clear that for most older people, financial skills are developed largely from experience and often involve utilising skills for 'coping', rather than as a result of planned learning. While some of these strategies for coping are vague – 'we just manage' – it is possible to identify some of the ways in which these strategies have developed.

Older people will often seek the advice or guidance of someone trusted, often a close friend or family member.

> *I do the tax forms and give advice to my next door neighbour (aged 80) and friend (aged 88). They wouldn't go on a course though, they need someone they can trust whom they can contact whenever they need help.*

Some relinquish complete control of their financial affairs, delegating responsibility to family members, while others will develop personal relationships based on one trusted contact such as an insurance representative or even the milkman. If an individual is a member of a learning group, tutors have found that the group will take advice from the 'fittest and most literate members' of the group. Peer pressure is as relevant within this age group as in any other, influencing purchase decisions. While seeking advice from someone known to us is understandable and probably a common experience, there is some concern among those working with older people that individuals expose themselves to the risk of receiving incorrect information in this way.

> *This is the area where there is a danger of misinformation because people tend to restrict themselves to asking relatives and unqualified acquaintances.*

All of these scenarios carry potential dangers with them. Interestingly, several providers of adult basic education have noted that when individuals lack these informal support structures, they are more likely to access basic skills provision.

Advice organisations

Where older people approach organisations for assistance, it is most likely to be either the local CAB or Age Concern, which they see as independent and trustworthy. The Prudential's MORI survey showed that 58 per cent of adults are aware that they can turn to CABx with a financial problem. There is some worry, however, that since Age Concern has entered the market by offering their own financial services, there is perhaps a potential conflict of interest between different arms of the organisation.

Many older people avoid debt by avoiding credit. Consequently, organisations such as the National Association of Citizens' Advice Bureaux report:

> *The 50+ age group were amongst the last to take advantage of the increased availability of consumer credit and so have few debt problems across all income groups at that age range.*

The Federation of Independent Advice Centres (FIAC) acting as the umbrella organisation and network for independent advice providers verifies this:

> *FIAC statistics from members (950 members) indicate that about 2% of clients seeking advice about debt are over 50. Put simply, older people either do not seek advice for debt problems or they don't have debt problems*

The important question raised needs further investigation: do older people not have debt problems or do they not seek advice on debt problems? While it is certainly true that older people are avoiding debt problems through avoiding debt, we know that older people do get into debt through, for example, getting into difficulties with catalogue repayments.

When a general enquiry becomes specific, for example in relation to investment, mortgage or insurance, there is an issue concerning professional competence to advise, and questions of legal liability, indemnification and insurance of such services require clarification. The older generation's respect for authority, however, may result in an uncritical acceptance of the advice offered by financial institutions and professionals, without questioning commercial motivation, conflict of interest or any overall lack of objectivity.

Hiding the problem

Financial problems are often hidden, as many older people, particularly men, are afraid to admit that they are in difficulty.

> *We note that older people are often reluctant to talk about money particularly in the context of social work/financial assessment for social care.*

Some manage to 'struggle quietly' while others 'leave well alone' and get into trouble simply through not dealing with tasks as they arise. An effective strategy for coping is often ineffective in dealing with the issue. In keeping quiet about a problem, people may not realise that there may be other solutions.

> *Older people are less likely to admit to a problem with financial matters. So really it's the opposite of problem-solving. They are often less aware of services which may support them in solving a problem.*

This unwillingness to seek help with financial matters is also likely to inhibit any approach to learning programmes and education provision.

Thrift

A culture of post-war thrift still exists for many older people. They are more likely to be 'making do' – not throwing away old or broken items but mending and fixing. This is also reflected in their preference for cash transactions, advocating a 'cut your coat according to your cloth' attitude to money:

> *I think people manage by staying in and economising on food and heating.*

> *The most widely-used strategy appears to be self-sacrifice and going without.*

Where older people are existing on a tight budget, trusted systems for managing are still used:

> *Enveloping amounts for bills, list-making, keeping a sum always available on a weekly basis and keeping copies of all purchase receipts.*

Many will budget carefully on a weekly basis and shop daily to ensure that they have sufficient money with them. An inability or unwillingness to adapt to more modern systems may be putting some people at a disadvantage.

Tried and trusted methods

In dealing with numerical data in daily life or working out financial matters at home, people will fall back on individually tried and tested methods of calculations or find ways of 'getting round' a situation. For example, they might offer a high denomination note to avoid having to count out the exact money. These strategies are rather hit-and-miss, however, and can lead to deeper difficulties so that they are not generally satisfactory for all concerned.

> *Some people feel that their strategies are not correct and that they should know how to do it properly.*

A tendency has been noted, however, for older people to have well-developed mental arithmetic skills in comparison to younger people. In one instance this was explained as follows:

> *Older people will have been educated in a more formal fashion so are often able to still use mental arithmetic and do their tables.*

Key points – coping strategies

1. Older people will seek advice initially from family or friends most often.
2. Clarification of the rules over financial advice-giving, and the scope of legal liability and indemnity in giving such advice, is required.
3. Many people will not acknowledge a financial problem and this may be misinterpreted as being able to manage.
4. People will make do and economise to get by.
5. Tried and trusted ways of managing will often be adopted in preference to new ways.

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Curriculum design

The question, therefore, becomes how to highlight relevant issues and solutions, offering them within different scenarios with or without 'expert' intervention. At the same time, it is apparent that printed or even on-line information is not always trusted even if understood. For many older people, personal contact is required but not necessarily in a formal adult education/basic skills setting.

Consequently, within the project, the need emerged to take into account several different agendas. The issue of generic versus specific materials was identified, particularly in surveying the views of local adult education authorities and in consultation with the project's advisory group. Most local education authorities in responding to 'financial literacy' issues believe in using generic approaches and materials, on the basis that targeting and responding to specific communities can actually add to their marginalisation. In addition 'issue-based' cohort-specific materials soon become out-of-date, yet their specific approach might be just what is required to enable a diffident potential older learner, or older person with a query, to appreciate that their situation is understood, shared and can be solved. Further detail of responses is given in Appendix 2.

In the end, the NIACE project concentrated on generic material with only one example of a specific issue – accessing winter fuel payments. Nevertheless, the identification of situations in which generic materials and approaches would be required was crucial. The BSA, with others, continued to develop a generic 'financial literacy' curriculum and the FLOP materials themselves became less important as an output. Greater significance was attached to the exploration of the different contexts for older people's 'financial literacy' needs, with means of raising awareness and responding to these.

The focus groups had useful suggestions about publicising courses in places such as *Saga Magazine*, through Womens' Institute federations and branches, over-50s clubs, etc. They also felt that courses needed to emphasise in their titles the 'saving money' aspects. Tutors acknowledged that it was difficult to recruit those who most needed support into adult education classes but generally thought that a mixture of taught (generic) basics and expert input was the best way forward, with few suggestions for alternative means of delivery.

More effective liaison between agencies might connect those looking for specific help with tutor-led programmes, advice and guidance. Helping clients who may have visited CAB with a specific enquiry, for instance, to access roll-on/roll-off 'financial literacy' courses, might encourage further awareness, learning and self-help solutions towards independence.

The National Association of Citizens' Advice Bureaux (NACAB) has piloted work in the West Midlands in which basic skills tutors work in the community rather than in an adult education setting, taking the learning to the learner and being much more responsive to individual needs identified.

One tutor suggested that from her experience 'learndirect' as an IT-based teaching and learning medium might be a good way of targeting the computer-literate over-50s. At many colleges, courses on how to use a computer and the Internet are popular with this age group.

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Key points – curriculum design

1. A tutor-led approach to developing 'financial literacy' skills is preferred by many older people.
2. There is a need for generic, context-free 'financial literacy' learning materials with guidance to using these within a variety of contexts.
3. The delivery of generic 'financial literacy' materials will be made more effective by including input from a variety of professionals.
4. Specific materials are useful if simple and up-to-date.
5. The difference between skills teaching and financial advice-giving must be made clear throughout.
6. For many older people their route into a 'financial literacy' activity will be as the result of a need to resolve a specific problem or issue.

Mode of delivery, assessment and accreditation

For individuals, financial matters are so diverse and complex that the range of skills to be encompassed is extremely wide ranging. For older people, they will vary also according to their own experience, different life stages and situations, as well as by gender, ethnicity and employment status. The curriculum and teaching/learning materials need to be kept up-to-date in a fast-changing and complex subject area. They need to be made available in a variety of formats appropriate to the learning requirements of both groups and individuals, with guidance to their use at different stages and levels.

Learning opportunities need to be delivered within a range of environments and contexts, time and place, helpful to older people. Locations need to be welcoming and sociable with comfortable communal space and as light, bright teaching rooms. Equipment needs to be accessible, in working order and with technical support on hand especially for those who need particular assistance. Modes of delivery need to include topic-based short courses, day schools, seminars and conferences, as well as longer structured courses building towards more advanced levels of knowledge and understanding. Distance learning approaches give the learners choice of mode of delivery and pace of learning, in their own choice of location. In short, teaching and learning environments which encourage learners of all ages.

Options for assessment, accreditation and progression to more advanced levels should be based on the needs of learners, rather than dictated by funding mechanisms. Most older learners are not concerned to obtain an accredited qualification and indeed can find the imposition of assessment an obstacle. Justifiably, they see their life's experience as valuable in itself. Many might already have qualifications, some at advanced levels. However, some might wish to open up a new work direction, whether in paid employment or unpaid voluntary roles, and some might simply welcome some form of certification for their own satisfaction.

Against this diverse background, assessment and accreditation processes need to be flexible and optional, to meet the variety of their individual purposes. Open College Networks, customising accreditation to local provision within a rigorous national framework connecting to NVQ levels, offers routes for progression of learning. A curriculum based on the 'life stages' approach, with opportunities for Accreditation of Prior (including Experiential) Learning (APL and APEL) on a portfolio basis would be ideal. Portfolio assessment, while individualised, is time-consuming, however, so that it is an expensive process perhaps only to be offered by institutions that can attract funding to resource it and only to be tackled by those who see some long-term personal benefits.

Teaching support needs to be user-friendly for older people and all staff need to be aware of and responsive to real issues of ageing. By law, there now needs to be adequate support for people with disabilities and it is important to remember, for example, those with failing eyesight, so that good lighting and large, clear print are essential, and those who are deaf or hard-of-hearing and need technical aids in the classroom. Timing and location of programmes are crucial, with transport arrangements taken into account. Overall, education providers and their staff need opportunities for their own awareness training and development to meet these different conditions.

Older people themselves can be a learning resource, with skills, experience and management strategies already developed, so that they can fulfil different roles of advising, peer mentoring or group tutoring, in ways which are usually more reassuring to other learners than simply 'joining a class'. They can be especially valuable in contributing to intergenerational learning groups, where their life experience rightly commands respect. Programmes should be developed, therefore, in consultation with older people themselves, with the community organisations which represent their interests and with practitioners who have experience relevant to older people. The delivery of programmes in financial skills therefore can benefit from a co-ordinated approach between education providers, advice organisations and financial institutions

While there is a need to develop a wider-ranging curriculum, we need to take into account the provision which already exists, delivering effectively for specific purposes. Local advice centres offer individual support to resolve problems and there are formal courses available in colleges and universities in everything from money management to professional levels of qualification in financial management and accountancy. Within basic skills provision, support is offered to improve numeracy skills and informal advice is proffered, as so often happens within broader adult community education provision.

There are effective sources of information and educational materials which provide means of open and distance learning for use by the individual in her/his own time and place. Although paper-based materials on specific topics are useful and essential in many situations, the size and scale of a paper-based resource covering the totality of important financial issues would be too vast to collate, especially as much of the information changes frequently and becomes quickly out-of-date. It is feasible, however, to utilise a variety of open and distance learning formats in presenting materials and information. This will help to ensure that the maximum number of people are coming into contact with materials that cater for their specific need and preferred style of learning. Formats might include:

- ☐ *Self-help packages*, with guidance on context and use to be held particularly by advice centres and financial institutions for those individuals or groups who prefer this approach to learning. The emphasis needs to be on developing the skills necessary for making financial decisions and managing money rather than on trying to offer advice or guidance on specific financial issues.
- ☐ *Manual/checklist*, which many older people identify as helpful, with information on financial topics and tasks for those approaching retirement age. Information must be objective and impartial and can act as a signpost to other sources of information and data, advice and guidance, with suggestions for use. Manuals could be developed in a variety of formats, including those suitable for older people with sensory disabilities.

☐ *Guidance packs* for organisations working with older people and learning providers, offering information on 'financial literacy' for older people, with some possible solutions to the problems which they identify. A life-stages approach that highlights guidance required in different contexts would be a useful way to connect different types and levels of skills required.

☐ *ICT-based materials* such as CD-ROM/Discs are effective in attracting people, particularly those over 50, into a variety of learning contexts, including basic skills learning. Many older people are keen to learn how to use a computer and to access the Internet, and so could be attracted to progress into 'financial literacy' courses. With support from Prudential plc, NIACE has developed 'Money Matters' teaching materials for 'financial literacy' and these will be available on its website for downloading from January 2003. Together with materials produced by the Basic Skills Agency, Financial Services Authority and Ufl (University for Industry), these can be evaluated for application with older people in a range of settings.

☐ *On-line learning*, by way of organisational websites offering information and advice, could include learning exercises/programmes that individuals, groups or organisations might use. This would be a useful way of expanding the role of financial institutions from problem solvers to enablers. Such learning programmes, however, would need to identify clearly and separately factual and independent advice from specific product promotion.

Conclusions

Older people's financial concerns are mainly linked to major changes in their lives, around work, family, health and housing. There are many different tasks associated with these transitions and responses vary according to individual circumstances, skills and experience. Most of them have developed their own ways of managing and coping with financial matters, but this can hide a real need for better knowledge and understanding.

There are many factors that make 'financial literacy' skills particularly urgent for older people. Clear and reliable information, provided by personal contact, is equally important but often this is not readily available. Most of their concerns can be alleviated and problems resolved, at least in part, by better access to appropriate learning opportunities designed to suit them as individuals. But here we encounter another dilemma: people aged 50 and over are much less likely to have had an advanced level of initial education and the older they are, the less likely they are to be involved in active learning now. It is essential to offer learning programmes that can cover an array of issues and topics to meet the varying requirements of learners in different circumstances, with different experience and skills already acquired.

The Basic Skills Agency and the Financial Services Authority together are developing a framework to assist those engaged in the provision of advice, guidance and learning programmes covering financial matters. As well as numeracy skills, the framework covers a range of financial issues and considers the skills, knowledge and understanding required at three levels:

(i) basic understanding and developing confidence;
(ii) developing competence and confidence;
(iii) extending competence and confidence.

Additionally, the usual barriers to access experienced by all potential adult learners apply even more so to older people: confidence to return to study or to approach experts and authorities, ever-tighter resources of money, difficulties of timing and location of learning, inadequate transport arrangements, and sometimes the burden of caring responsibilities for dependants who can be children or grandchildren, but often are relatives even older than themselves.

Using life stages and transitions as a basis, curriculum planning needs to ensure flexible points of entry and exit, optional assessment and accreditation, with underpinning staff development and training in relation to issues of ageing, newly targeted learners and newly developed programmes. Best locations are where older people already feel comfortable and familiar, so that outreach activities are important, particularly as they require targeted publicity and promotion to attract hard-to-reach learners with very specific needs. Teaching and learning materials need to be especially 'fit for purpose', whether designed for use by the learners or for tutor and other staff support. A mix of tutor-led topics with self-study distance learning materials would be a valuable means of reaching more adult learners on ways that suit their own circumstances.

The diversity of older adults in terms of their existing expertise and own purposes to learn in new directions necessitates a broader curriculum base with flexible points of entry and exit, and choices of mode. This broader curriculum needs to be supported by suitable teaching materials, with staff development and training. This is very much the ethos of adult community education generally and is even more appropriate for this very experienced target group of adult learners.

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The what and who of current provision

Most current provision related to 'financial literacy' still appears as part of a course or a means to an end rather than an end in itself. Another way of describing its position in the curriculum is as an incidental part as opposed to the focus of a course.

> *It might come up as part of a literacy programme but this would be by way of exemplars rather than as a specific 'financial literacy' programme.*

At present, 'financial literacy' needs among older people are identified mainly in adult basic education through the processes of individual assessment and diagnosis, setting individual learning plans designed to address these. Consequently, programmes are conducted within the basic skills classroom, mostly in the context of numeracy, but often at various levels within literacy or life-skills sessions. Some basic skills practitioners perceive 'financial literacy' as a 'hook' to coax people into numeracy sessions that otherwise may seem to them to be unattractive, daunting or simply irrelevant to their lives.

Conversely, a large number of providers advocate harnessing older people's interest in and desire to learn more about IT to foster interest in acquiring financial skills. Many providers offer free basic computer courses to those over 65. The spreadsheet elements include aspects of financial management, encouraging participants to create and use their own spreadsheets for budgeting and this prompts them to think more widely about finance. In Northampton College Community Programme:

> *The acquisition of ICT skills using spreadsheets has extended the horizon of the elderly who embarked on the Introduction to Computing course offered by the college at the Afro-Caribbean Elders' Centre where all participants recently achieved accreditation.*

Similarly, financial matters appear in courses specifically designed for significant stages of life-change for older people, with a variety of titles, for example 'active 'n' older', 'healthy living' and 'life transitions' programmes.

> *Financial management cannot be separated from life-style management.*

Examples of this type of provision include:

☐ Alston Hall College, Lancashire offered a 'coping alone' course for those who have been bereaved; it included sessions on financial issues – managing bank accounts, mortgages, insurance and entitlements.

☐ Within a health education programme, Blackburn College provides sessions for frail elderly patients in hospital, covering direct debit payment of bills, stamps for television licences and access to benefits.

☐ Manchester Adult Education Service piloted a course entitled 'Mid-life Planning' with the Pre-Retirement Association of Greater Manchester (PRAGMA) as a local voluntary organisation; the course included modules on financial planning and was planned jointly following a staff development session on older adults.

☐ Bath and North-East Somerset Adult Community Education Service set up a 'benefits buster' short course through a network of wardens of sheltered accommodation units for elderly residents; the course concentrated on giving assistance to elderly residents in budgeting and completing forms for attendance allowance.
☐ Stephenson College, in Coalville, Leicestershire, works with community groups, voluntary organisations and their development workers, designing learning sessions around individual needs, including topics such as budgeting, form filling and dealing with bank accounts.
☐ Hertford Regional College runs an 'active retirement' course with OCN-accredited units covering financial needs in later life, basic State pension, benefits, budgeting, savings and risk.
☐ City of London Adult Education Service offers an ICT-based package about making wills.

Elements of 'financial literacy' do appear in a variety of other contexts; for example,

☐ as part of a business curriculum or career curriculum;
☐ as part of a 'living skills' course towards Teeside Regional Open College Network Independent Living qualifications for students with learning difficulties;
☐ as part of a curriculum of outreach provision for people with mental health problems.

Discrete provision for older people, however, is scarce and only five per cent of respondents to NIACE's survey of providers said that they offered this type of provision. Within this, elements of 'financial literacy' appear predominantly within the context of pre-retirement or retirement-planning courses. An increasing number of such courses are offered in addition to established provision by the Workers' Educational Association, the Pre-Retirement Association and Age Concern.

Specific 'financial literacy' provision

Older people will have access to specific 'financial literacy' courses alongside other adult learners of all ages. Personal money management has been addressed as a specific topic on a small scale throughout the UK and more courses have been piloted, for example:

☐ 'Making the Most of Your Money' at Chesterfield College;
☐ 'Personal Financial Planning' at Bradford College;
☐ 'Budgeting and Money' at Surrey Open College;
☐ 'My Money, My Life' organised by Coventry Community Education in conjunction with a local advice centre;
☐ 'What No Money?' previously run in Coventry, in partnership with welfare rights officers.

Credit Unions are valuable providers of training on financial matters, organised through the voluntary sector. They not only train volunteers to organise separate credit unions, but also assists members to draw up weekly or monthly budgets as a first step towards encouraging them to take control of their own finances. Often, local authorities see credit unions as a useful resource for the development of adult 'financial literacy'.

In 1995, NatWest Bank set up its initiative 'NatWest Face 2 Face with Finance', which sought to address 'financial literacy' as a topic within secondary schools and FE Colleges. This approach, however, did not develop further within formal adult education provision. An NFER study, published as *Financial Literacy in Adult Life* (1999), discovered that while many providers claimed to be providing personal money management courses,

> *... few, if any of the courses addressed the topic directly and the institutions themselves recognised the need for more substantial opportunities for people to learn about money management.*

They concluded that providers were doubtful about the appeal of such courses and reluctant to offer them, as they thought they were unlikely to achieve viable student numbers. Often the elements of personal money management that *were* included in existing courses were *not* those identified as being most needed or desirable.

Funding

Some providers obtain funding for work within the Basic Skills Quality Initiative to design and offer short courses covering aspects of 'financial literacy' which may be appropriate for older people, such as 'basic budgeting', 'understanding utility bills and 'understanding wage slips'. Maintaining 'financial literacy' under the basic skills agenda avoids the necessity for separate accreditation and ensures funding for such provision.

Since April 2001, the Learning and Skills Council has replaced the Further Education Funding Council as the umbrella body planning and resourcing further education programmes, and it has also taken over similar responsibility for all local education authority provision of adult education services. This new context should provide opportunities to plan more specifically targeted provision but it is still not clear how potential funding of new non-accredited programmes might operate.

In higher education, the HEFC funding regime is even more tightly linked to vocational programmes and funding to support the learner directly is even harder to come by. One higher education respondent stated:

> *Older learners have to pay for our 10-week courses before the courses begin. There are possibly grants for studying for which they might apply if they were better informed about such grants and bursaries.*

Overall, older learners are at a distinct disadvantage in terms of obtaining financial support for their learning. Universities and colleges administer limited access and hardship funds and there are small bursary schemes available here and there. Student loans for higher education are limited to those under 55 and between the ages 50–54 borrowers must indicate their intention to return to work after graduation. Career development loans, with deferred repayment to the banks as lenders, are tied to work-related education or training. Training grants under the 'New Deal 50-plus' scheme are linked directly to those already on benefits and seeking employment. Trades unions and employers offer some support but to their own workers only.

Many local education authorities offer concessions or fee remission to older learners although often this is linked to those in receipt of benefits. Otherwise, older learners have to trawl through the range of charities, trusts and local business sponsors who might take a benevolent view of their equal entitlement to learning opportunities (*Sources of Funding for Older Learners, England and Wales*, NIACE).

In 2000, the government introduced 'Individual Learning Accounts', through which State and employers' contributions could provide added value to personal financial investment. Sadly, they proved to be so popular with both providers and potential learners that the original open-ended concept was difficult to budget and monitor accountably, and the system was suspended pending the outcomes of an intensive review.

There is a possibility, however, that other government initiatives such as the Community Fund, Neighbourhood Renewal, local regeneration schemes, etc., might provide funding for 'financial literacy' work if it is seen to contribute to capacity building of communities and individuals. In this context, collaborative strategies to empower and include older people could encompass 'financial literacy' programmes funded as community development.

Accreditation and materials

The opinions of older people are split regarding the issue of whether their learning programmes should be accredited or not. As in all areas of learning, some seek recognition of their achievements while others feel they have no need for further qualifications as they are simply learning for learning's sake or for immediate and specific practical benefit.

Although accreditation is particularly important for providers as it connects learners to funding routes, 'financial literacy' does not appear to be accredited as a subject in its own right through the major accreditation bodies: City and Guilds, Edexcel/BTEC, Open College Networks and the RSA. As the subject tends to be embedded in courses such as 'Life Skills', 'Independent Living Skills', budgeting or basic skills courses, it is difficult to be categorical and the following examples illustrate this 'hidden' accreditation:

City and Guilds:	Numberpower Entry Level/Levels 1 and 2; Numberpower 'Money matters' finance section.
New Deal programmes	Basic literacy linked to Numberpower through OCN.
Open College Network	Accredited basic skills – money management units; active retirement course units, for example, money management.
OCNW	'Time and Money Management'.
GCSE	Modular maths syllabus includes a module on finance.
Towards Independence	Entry Level.
GNVQ	Business studies.
Open University	'Planning Retirement'. Part of National Skills Profile qualifications for adults with learning difficulties.
SAGE	Accounting/basic book-keeping.

Accredited courses are supported by learning materials and some have been developed additionally by local education authorities when no suitable material was available previously. One outcome of NIACE's project work with Help the Aged and the Basic Skills Agency was the compilation of FLOP learning materials which can be used particularly as a progression from a basic skills curriculum, and more generally as a diagnostic tool.

There is already a wide range of teaching materials, both ICT and paper-based, relating to personal finance or money management in a variety of contexts, but these are not always objective and impartial. Much literature and information offered by financial institutions is detailed and complicated, while advisory material offered by voluntary sector organisations is more general, but simpler to understand. Many learning providers are unclear about what is available, how useful it might be and where to obtain it.

The following examples demonstrate the range, although this list is not necessarily comprehensive:

Axis Educational	'Basic Skills for Life', 'A Place of your Own', 'Making Ends Meet'.
Basic Skills Agency	Citizen 2000, 'Surviving on a Low Income'.
Brown and Brown	'Maths Worksheets'.
Chalkface	Money Management, The Bank Book, The Maths Work Mate, Maths in Context.
Careers and Occupational Information Centre (COIC)	Materials on using the Post Office, building society, banks, credit cards, mail order, debt, budgeting, insurance.
Coventry Community Education	'Money Matters' materials.
Linzi Henry	Skillsheets 'Money'. 'Keeping Track of Your Money'.
Alan Lawson	'Everyday Maths'.
Liverpool Skills Sheets	'Money'.
MIND publications	'Shopping' and 'Money Management'.
Money Management Council	Factsheets.
NatWest Bank	Face 2 Face with Finance materials, online materials.
Oxford County Council	'Writing Cheques'.
Pre-Retirement Association	'Coping with Change'.
'Really Useful Resources'	Sections on financial matters.
Ewart Smith	'A New General Arithmetic.'
'Streetwise' publications	
Suffolk County Council	'Using Cashless Pay' workplace skills pack.

Some financial institutions are developing initiatives to promote adult 'financial literacy', often with local partners:

- ☐ The Britannia Building Society has developed financial learning packs.
- ☐ Barclays Bank has worked with Help the Aged on producing a booklet on managing lump sums.
- ☐ Lloyds TSB offers a series of guides on general financial advice associated with life events such as getting married, changing jobs, etc.
- ☐ Alliance & Leicester has produced a booklet for the Employers' Forum on Disability aimed at providing people with a learning difficulty with information on banking.
- ☐ HSBC gives talks to schools about banking and budgeting (and this could be extended to adult audiences).

Increasingly there are appropriate ICT-based materials available either as floppy disc or CD-ROM as well as relevant websites. Many include 'financial literacy' skills within the context of basic skills or life skills, in the same way that paper-based materials do. The following organisations hold information regarding the use of ICT in education and although some deal primarily with resources for school-age learners, it is likely that many of the resources used could be used equally effectively with older people.

British Educational Communications and Technology Agency (BECTA)

BECTA is the government's lead agency for ICT in education. Its website holds an educational software database that contains some resources designed to support older school pupils at various levels It is the managing agent for the National Learning Network (NLN) and acts as an umbrella organisation supporting projects and other work arising from government investment in information and learning technology (ILT) across the FE sector. BECTA also manages the FERL website (below).

Further Education Resources for Learning (FERL)

FERL is a web-based information service that aims to promote and support the effective use of ILT in FE. The website provides a one-stop shop for teaching and learning staff, managers and support staff in UK colleges. It is funded by the national Learning & Skills Council (LSC).

National Grid for Learning

This government-led national network for learning on the Internet provides access to a range of guidance and information to support planning, procurement and practice, catering for the needs of learners in all sectors of education. In particular, it is linked to the development of libraries, both within municipal provision and in educational institutions, as learning resources which include offering access to the Internet for all.

UK-Online

Supported by 'learndirect' through Ufl (the University for Industry), this government website provides information on a range of government services, including education. It also includes a 'Life Episodes' section, which provides links to other websites or sources of information on specific topics, some of which are relevant to older people, for example 'retirement', 'bereavement' and 'pensions'. Ufl is currently working with FSA and BSA on 'financial literacy' issues and has created 'cash crescent' as an on-line application.

Smart-Tech Systems

Formerly known as 'Chalkface', Smart-Tech has been set up to provide information and resources to teachers of business education and ICT at various levels. Most of the resources available through the Smart-Tech website are free to members.

Personal Finance and Education Group (PFEG)

The PFEG is a charitable organisation supporting teachers in developing financial capability in young people. Although it focuses mainly on school children, it publishes a directory of materials and resources, available through its website, and some are applicable to adults. It also provides up-to-date information regarding developments in financial education in general and useful links to other relevant organisations.

Money to learn

This Department for Education and Skills website offers guidance on financial help available for adults wishing to participate in further education and training.

Other specialist websites provide information specifically to older people on a range of subjects including financial matters and some offer basic factsheets:

☐ www.thirdage.com, an information site for the mature Internet user, linked with www.YouDecide.com, to 'provide the resources you need to get the best rates for products and services you want'. This site is also accessible through FERL;
☐ www.SeniorWeb, an independent organisation emphasising what ICT can offer to senior citizens;
☐ www.seehowtheygrow.com, catering for the interests of grandparents;
☐ www.seniors.com.

The role of key national organisations

Among the range of Government initiatives, the Department for Education and Skills is concerned to develop more and better provision of learning programmes in financial matters. Statutory education providers including universities and colleges, as well as adult and community education centres, will continue to be important resources for teaching and learning in this field. While UfI/learndirect currently offers little on-line about personal financial management, it is collaborating with both FSA and BSA on 'financial literacy' issues generally.

There are many other organisations, in both the voluntary and commercial sectors, which also provide essential information, advice and learning opportunities in different ways. Several key agencies are set out below.

Financial Services Authority

The FSA is the independent watchdog set up by the government to regulate financial services and protect consumers' rights. The Financial Services and Markets Bills 1998 gave the FSA the specific objective of 'promoting public understanding of the financial system' in recognition of the growing complexity of personal financial management and the slow response of many financial institutions,

The FSA identified two main policy objectives:

☐ *financial capability* – to provide individuals with the knowledge, aptitude and skills base necessary to become questioning and informed consumers of financial services able to manage their finances effectively.
☐ *consumer information and advice* – to provide impartial and generic advice to enable consumers to plan their finances and make informed choices

The FSA acknowledges that while financial capability for young people is a long term aim, a more immediate task is the objective of helping adults become more confident and competitive consumers of personal finance. Recently, it published the report *Financing the Future: Mind the Gap!* concentrating particularly on the implications of an ageing population. This is addressed in relation to both consumers, who need to be better equipped to make informed decisions, and the financial industries, which need to adopt a responsible stance in managing risks to consumers and themselves when devising and selling innovative retirement products.

In the report, the FSA highlighted how different age groups are facing very different types of risks when planning for retirement. Assumptions vary about housing, other assets and debts, and different expectations about pensions. Consumers generally are not accustomed to think about their lengthening exposure to investment risk with increasing longevity. Owing to lack of generic advice and therefore understanding of the complexity of options in relation to some core financial products, people retiring from employment in their 60s and 70s are making risky and irreversible decisions that will affect their standard of living for many years ahead. In identifying a programme for action to achieve change, the FSA plans to support the delivery of consumer education about financial planning, especially for retirement, and wants to encourage employers and the financial industries to develop longer-term relationships with consumers and their changing needs.

The FSA has established the on-line 'Learning Programme for Adult Consumers', which covers all the main consumer financial services and important concepts such as risk. It aims to 'meet the needs of those consumers with some experience of financial services as well as be of practical help to the novice'. The programme is designed to meet the criteria of UfI/'learndirect' and is suitable for various modes of learning – individual and group, both formal and informal, whether at home, in the workplace, or through the Internet. Based on national standards and learning objectives, most learning modes are related to NVQ Levels 3/4.

The FSA has also set up a consumer helpline and has produced a series of free booklets and factsheets covering a number of services and products for the new and inexperienced consumer. It also continues to work with the BSA in developing the Adult 'Financial Literacy' Framework to assist practitioners offering education, advice and guidance on financial matters. The draft framework is available through both the FSA and the BSA websites.

This educational role is a new development for the FSA. In order to increase public awareness of its remit and to foster consultation, it organised a series of media campaigns and town meetings. It has also stated its intention to develop partnership working together with organisations such as the Money Management Council, the Personal Finance Education Group and the Qualifications and Curriculum Authority. It also continues to work jointly with NIACE in responding to the 'financial literacy' needs of older people and clarifying the subject for all adults. Importantly, the FSA also plans to 'assist existing consumer advice networks to develop their capability to respond effectively to consumers' needs and queries'.

This is a welcome amplification of the remit of the FSA not only to inform but also to enable people to understand and manage their financial matters more effectively. However, there is some concern that the perception of individuals as consumers will exclude from the learning process those people who cannot afford to buy financial services or products. Inevitably, these are the people who have most need of support.

Money Management Council (MMC)

Set up in 1985, MMC is an independent charity whose mission is 'to be the catalyst and driving force for the provision of consumer education on money matters'. It gives general, impartial advice and publishes a large range of fact sheets, some of which are available on-line. It is working with organisations such as the National Council for Vocational Qualifications, the RSA and the Chartered Insurance Institute to develop units on money management for young people. It also offers speakers and tutors to provide sessions on courses aimed at people who are planning for mid-life or retirement or preparing for redundancy.

Money Advice Association

Founded in 1984, this association was set up to 'promote the development of free, independent money advice services'. It offers training and support for money advisers and has a membership of 600 front-line money advisers. The association has expressed an interest in the educational needs of older adults in financial matters.

National Association of Citizens' Advice Bureaux (NACAB)

NACAB links and supports the work of over 2,000 CABx operating across the UK to offer impartial advice on a range of issues. Most CABx give generic advice on financial matters (as opposed to specific financial problem-solving advice) and they also encourage self-help through the provision of self-learning packs on debt, for example.

Until now, for many agencies and organisations responsible for offering advice and information to clients on personal money management, the emphasis has been predominantly on short-term problem-solving rather than helping clients to gain more skills to help themselves and enable independent action in future. Clients have tended to approach such organisations at 'crisis point' with serious money problems. Because of this, many advice agencies have not extended their services to offer opportunities for learning about financial matters more generally.

NACAB states that 'very few Bureaux undertake this and those initiatives are mostly with young people in schools and parents to explain credit and debt'. There do not appear to be any initiatives targeted specifically at the over-50s and statistics are not held in ways which identify this group. The NACAB Social Policy Officer on 'financial literacy' suggests:

> *... enquiries from the 50+ age group to CABx tend to be from those on low incomes and are mainly concerned with welfare benefits ... CABx don't see many enquiries on subjects such as early retirement, annuity choices, personal/employee pensions that form a significant part of the overall questions raised by the 50+ age group in general.*

NACAB, however, is seeking to collaborate with other organisations to develop services in this direction. Although 'financial literacy' is a new subject area for NACAB as a service, it has responded to the AdFLAG report by working in partnership with the Basic Skills Agency, Credit Unions and other voluntary organisations to develop a programme for adults as well as young people in disadvantaged neighbourhoods. This has been piloted through five CABx nationally.

NACAB has produced a report *Summing Up: Bridging the 'financial literacy' Divide* (CAB evidence report, Nick Lord, 2001) describing how consumers pay a high price for being ill-informed and under-confident when they come to make crucial financial decisions. Based on evidence from over 730 Citizens' Advice Bureaux in England and Wales, the report recommends changes in government policy and financial services regulation to inform, empower and protect consumers.

When the report was launched, it was featured by the 'Working Lunch' programme on BBC2 television and following this the programme piloted an advice roadshow open to the public, organised with NACAB and the FSA and held in Manchester in February 2002. Over 1,000 people attended in the course of one day and a range of specialist advisers provided information and advice free-of-charge. In September 2002, BBC1 showed a short programme 'Cashing In' based on a similar open day in Newcastle-upon-Tyne, advising people on ways of saving money through use of the tax and benefit systems. The programme also highlighted local voluntary groups that needed help with fundraising for good causes. The roadshow is a successful concept that hopefully will be followed up in other regions.

BBC Broadcasting

Already, there are informative programmes on radio and television for people of all ages: Radio 4 produces 'Money Box' dealing with personal finance issues, while 'Inside Money' and BBC2's 'The Money Programme' cover topical issues related to government and commercial financial affairs at a national level. 'Your Money or Your Life', starring Alvin Hall, helps individuals to sort out personal finances, and is more specifically educational about personal budgeting and debt management.

BBC local radio ran an 'understanding money' campaign in 1999 called 'Pounds, Shillings and Pence'. An accompanying advice booklet was aimed at all adults but included specific reference to Help the Aged's SeniorLine. Later, as part of its 'Count Me In Campaign', in 2000, to help parents of primary school children improve their own maths while supporting their children's learning, the BBC commissioned research that suggested many of the adult population struggled with maths even where money was involved.

The BBC is currently considering programmes or campaigns on 'financial literacy' and young people and could look also at older people's issues.

Help the Aged

Help the Aged campaigns on financial rights issues and produces a range of advice leaflets dealing with financial matters, several of them sponsored by financial institutions. Help the Aged also runs SeniorLine, a free telephone advice service for older people. A team of trained advisers answers enquiries about welfare or disability benefits, community or residential care. In 2000, SeniorLine dealt with over 96,000 enquiries, of which 41 per cent related to benefits and other financial issues, indicating the scale of older people's concern. A further 27 per cent of the enquiries were about community care or residential care, with paying for such services a key anxiety.

Some examples of problems raised by callers in 2000 include:

- ☐ A bank charge of £7 to cancel a direct debit.
- ☐ A couple aged 79 and 81 had their Income Support reduced to £75.79, although they had no savings, no loans and no fuel debts. They were unable to get through to the Benefits Agency by telephone, are unable to visit the office and have had no reply to letters.
- ☐ A 69 year-old widow applied for a funeral grant and was told by the Benefits Agency that the maximum grant is £800 but that, as she has savings of £950, she is not eligible. But the advice given was incorrect, as the claimant is aged over 59, so £1,000 capital should be ignored.
- ☐ A woman was told by a financial adviser that she will receive a full State retirement pension, despite having paid married woman's National Insurance for only ten years.
- ☐ An elderly person in residential care for 18 months found that social services had used their entire savings of £800 to pay the fees.
- ☐ An electricity company offered a quote over the telephone, then advised that this constituted a verbal contract, when all that was asked for was a quotation; there were similar experiences with a gas company's doorstep salesman, who had become abusive.

The Age Concern Federation

Age Concern England (ACE) is the umbrella body for a federation of local agencies. It organises regular campaigns and gathers data around issues to do with income in later life and pensioner poverty. It has a national Incomes Policy Officer and offers information and advice locally to older people on a range of financial matters through publications and factsheets, which are also available on-line. It also runs a telephone-based information helpline. Its annual publications *Your taxes and savings* and *Your rights* have become established as the definitive guides for older people to access financial information.

ACE, however, has not conducted much research or gathered statistics at a national level on 'financial literacy'. Locally, the Age Concern movement is becoming more involved in working together with other organisations in this field. For example, in Uttlesford Age Concern Essex, a partnership with the local CAB was funded by Essex Social Services to run the 'Benefit Take-up Campaign'. The issue of 'financial literacy' arose in the region through this work and it is hoped that further collaboration will follow.

The Pre-Retirement Association of Great Britain & Northern Ireland

The PRA is a national educational charity committed to helping people plan and prepare for retirement. It does this through its own provision of training for pre-retirement course providers and as an umbrella organisation for those providers.

In 2000 it completed a research project with six leading companies in the UK to assess the level of employees' financial awareness of their company's pension schemes. The research among staff with a full spread of ages and at all levels, excluding senior management, concluded that:

- ☐ there was widespread acknowledgement of the need to take personal responsibility for future finances and expectations of State provision were very limited;
- ☐ there is plenty of financial information available, almost too much for people to assimilate, so that they need help to evaluate it in the context of their own individual circumstances;

- ☐ the most valued sources of financial information and advice were those involving personal contact, either family, a company/employer's adviser or an independent financial adviser;
- ☐ there appears to be no substitute for face-to-face communications with respect to pensions; any written communications will generally be put to one side to be dealt with at a later date.

In *Financial Education for Employees: a report*, the PRA provides a set of learning objectives. Employees should understand:

- ☐ their own personal attitudes to money and the origins of these attitudes;
- ☐ the importance of money at all stages of life;
- ☐ the concept of budgeting;
- ☐ the differences between short-, medium- and long-term financial management;
- ☐ the roles of different financial institutions and advisers;
- ☐ the meaning and consequences of savings, debt, borrowing, financial risk and financial security;
- ☐ personal financial responsibility and its implications;
- ☐ the need, the opportunities and the options to save and prepare for retirement, including pensions, investments and insurances;
- ☐ how pensions are provided and obtained (State, occupational and other).

The Experience Corps

The Government has a continuing interest in the value of volunteers and volunteering, to create social capital within the community at every level. The Experience Corps was set up recently, with funding from the Home Office, to encourage volunteers over the age of 50 to give their time and experience to help others. The aim is to engage a total of 250,000 older people in voluntary activity by 2004.

This has great potential for input to the pool of financial knowledge and expertise available for both intergenerational and peer group learning or mentoring. Both 'Volunteers Week', organised by the National Centre for Volunteering in June each year. and 'Make a Difference Day', organised by Community Service Volunteers on a Saturday each October, provide promotional and publicity opportunities which could include a focus on financial skills and knowledge.

Money Advice Trust (MAT)

MAT brings together a range of agencies, including NACAB, to improve standards of advice giving about money matters. During its current strategic plan (1999–2002), through its Money Advice Training Development Forum, it aims to agree standards for money advice service delivery and to create accessible and cost effective learning opportunities to meet the needs of advisers. The Trust, recognising the range of partners, has restructured money advice, knowledge and skills into four levels: generalist, skilled, specialist and continuing professional development.

British Bankers' Association (BBA)

The BBA is the principal representative body for the banking and financial services sector in the UK. In 1999 it commissioned research into how people and businesses conduct their banking without access to a local branch (E. Kempson and T. Jones, *Banking Without Branches*, Personal Finance Research Centre, University of Bristol, published by BBA, 2000). Those hardest hit by living some distance from a bank branch included people over the age of 80. The report also considered personal reactions to delivery of banking services in other forms – through the Post Office, telephone banking, etc.

The BBA is also involved in ensuring that all financial services staff receive appropriate cultural awareness training as recommended in *Neighbourhood Renewal: Policy Action Team Audit 14: Financial Services*. The BBA intends to improve the ways in which it provides information on money advice to the general public and also its links with money advice agencies.

Campaign for Community Banking Services

This is a pressure group and co-ordinating body for a range of national organisations representing the interests of agencies and communities affected by the closure of local bank branches in rural and urban areas. As a result of the Neighbourhood Renewal PAT report, agreement was reached by Government with a range of banks that they would contribute to Universal Banking Services at the Post Office. The House of Commons Treasury Select Committee, however, has expressed disappointment recently at the limited progress made on developing 'basic bank accounts' and also, in its report *Banking, Consumers and Small Businesses* (2002), recommended that credit and charge card companies should publish more clearly the variables making up the real cost of credit.

Consumers' Association Campaign

The Consumers' Association recognises that people need objective and independent advice on a variety of issues and products and is currently conducting a campaign about the need for fair and transparent financial products and information. In particular, they are calling for a range of simple 'safe haven' products with clear standards for their use, and for a national network of free or affordable impartial advice centres.

Conclusions

It is clear that there is no single right way to respond to all the needs and concerns of older people to access better financial knowledge and understanding. Many require personal contact and support but not necessarily in a formal education/basic skills setting. Many want information in order to make specific decisions about particular problems and issues while others have more fundamental learning needs requiring long-term and sustained support.

While older people are not present in any significant numbers in current basic skills provision, they should not be confined to this type of provision as they are entitled to equal opportunities for access to the whole range of learning programmes corresponding to their experience and skills already acquired. Where there is specific financial course provision, it is targeted at adult learners generally rather than older people. Discrete programmes for older learners are in short supply, but are most successful when linked to life changes or to specific topics and it is acknowledged that enabling older people to develop their own individual financial management skills is likely to be the most successful approach.

A 'life-stages' approach which is user/learner/older person-centred, drawing together relevant expertise and information, is likely to be the best way to relate to older people's concerns. Yet even this approach is not

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without problems, as in later life it might seem to focus on events with negative implications of crisis management rather than positive opportunities for forward planning. Meanwhile, most current learning programmes exist as part of another course, most often a basic skills course.

It is essential, therefore, to ensure that there is an array of interlinking solutions and learning provision, to take account of older people's lifetime experience and their current life situation. Programmes need to highlight relevant issues and solutions in different contexts and different modes of learning provision, with or without 'expert' intervention. There needs to be flexibility of entry and exit points with options for progression and accreditation of learning. While there is great potential for distance learning approaches, it is clear that printed or even on-line information is not always trusted, even if understood. The emphasis on using ICT, interactive digital media and cable television as processes for imparting information has a value for future generations of older people brought up on ICT, but might have limited application for today's older people.

Although there are many different agencies offering information, advice and learning opportunities about financial matters, there is little evidence of coherence or collaboration. There needs to be a broader-based partnership of Government, financial institutions and agencies, and education providers in both statutory and voluntary sectors to coordinate the different forms of information, advice, guidance and learning opportunities in order to improve access. It is likely that community-based adult education will be seen as objective and impartial in this context, providing 'neutral ground' where people can seek responses to their individual needs and purposes making sense of the plethora of material available, and choosing solutions which suit them. Such provision may also need, in some instances, to be free.

At the same time, current social changes and proposals to alter the contract terms and conditions of employment as well as the welfare benefits system, necessitate a substantial programme of public information and education for all, in several different media and settings. This has an especial urgency for people who are already over 50. It is important to remember that we must be able to respond to the needs of today's older people as well as those of a longer-term tomorrow.

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More and different ways to extend the curriculum

Of course, learning about financial matters ought to start at school where it should be part of the mainstream curriculum for citizenship. But this is a real lifelong learning issue with a clear need for new learning opportunities for everyone, at all ages and stages. There must be better ways for people to find out more about how to resolve specific problems, explore particular topics or deal with the consequences of social policy changes, or learn more broadly about financial procedures and products. Access is required in many different modes, from one-to-one advice sessions through sharing of information as a group to structured courses whether short or long, with accreditation attached or not.

The best solutions will involve multiple resources and partnerships of:

☐ advisers and guidance specialists in a range of disciplines;
☐ education providers in all forms of adult and community education settings;
☐ education planners and funders, local Learning and Skills Councils and Local Learning Partnerships;
☐ local authority services, for community development, housing, transport, social welfare, and so on;
☐ Government departments and agencies, with both advisory and regulatory remits;
☐ voluntary organisations responsible for advising and supporting citizens;
☐ welfare rights officers;
☐ carers and care managers;
☐ specialist staff from financial institutions;
☐ employers and trades unions;
☐ business study specialists;
☐ accountants and economists;
☐ solicitors.

Such a variety of professionals and volunteers will have different perceptions of older people's needs and choices and, consequently, diverse views about how relevant learning can be delivered most effectively. For many, however, their public credibility and credentials will be dependent on being able to work together, in transparent and accountable ways.

Here we are concerned mainly with older adults for whom the knowledge is a matter of urgency and decisions have some immediacy. Given the scale and diversity of the various types of financial skills and knowledge required, a 'multi-track' approach needs to be adopted, offering different modes and media for learning. An important prerequisite to designing programmes will be to ensure links and communication among all those involved, taking into account their particular interests as well as their special skills. There needs to be a balance between drawing on the expertise of a wide range of professionals and on the experiences of older people themselves, through sharing and comparing information, or through peer group learning and mentoring.

Focus groups and forums

In planning a wider range of accessible information and learning opportunities, the first and most important principle is to consult older people themselves, listening to their views and taking them seriously. People aged 50 to 90 plus are not a homogeneous population group but are diverse in their experience, aspirations and circumstances. We have all learned widely and differently throughout our lives and none of us are uniformly blank sheets of paper easily overwritten. We are changed by events. People retire from employment and perhaps take up voluntary work; families grow up and move away; couples separate and marry again; family and friends may become ill or fragile or die; accident and illness can result in disability; housing and transport needs may change; people may begin to lose their independence or might sustain it into much older age. All these life changes will have an impact on individuals' financial circumstances and the financial decisions they have to make.

The second important factor is to establish a framework for sustainable development facilitating people's knowledge and skills for independent living, for an increasingly longer term. Sustainable local structures are crucial for continuity, building mutual experience and trust among partner agencies. The nature of the partnerships must be clearly agreed, ensuring equal respect and treatment for each other's views. Only by positive action, within local as well as national approaches, will public confidence and trust be retrieved from its present low level.

Financial businesses have a commercial need to listen, sounding out their target groups about what is affordable and best suits people's lives, distinguishing between the desirable and the essential. The valid need to conduct market research can be turned to mutual benefit by facilitating local focus groups of older people with whom they can test ideas and new developments while providing information helpful to consumers.

The concept of the occasional focus group can be expanded to establish and facilitate a standing local forum for older people, involving representatives of statutory service providers and voluntary agencies with an advisory role, education planners and providers, local employers and trades unions, as well as staff drawn from local financial businesses. The latter would be offered as a *pro bono* contribution to the community with the reciprocal benefit of staff development in a non-commercial environment. In both these forms, the roles and interests of participants need to be defined clearly and declared at the outset, with any conflict of interest identified whenever necessary.

Information, advice and guidance

Information needs to be objective and impartial, whether in the form of educational guidance or financial advice. There are already established educational guidance services, both in local colleges and learning centres and through the national network 'learndirect', accessible free of charge by telephone helpline, or through the computer-based website. Educational guidance services operate according to agreed operational standards which are geared to the needs of the public for equitable access to reliable information provided by trained personnel.

Similarly, the Citizens' Advice Bureaux, the Financial Services Authority and the voluntary agencies dedicated to support individuals' needs provide personal advisory and educational services to high standards of ethical practice. Within the aegis of these proven providers, specialists from the financial industries should be able to provide an information and advice service on a general basis, separated from specific product promotion. Although there are serious issues of professional responsibility, liability and indemnification to be explored, this has been done reasonably satisfactorily for *pro bono* legal and medical services and, therefore, should be explored in relation to financial expertise also. The success of the roadshows organised by the BBC with the Citizens' Advice Bureaux demonstrates the demand for an open and accessible approach to information and advice, as does the BBC's successful consumer education programming.

Learning programmes and materials

The key to attracting those potential learners who are hard to reach, or who believe education is for other people, is to offer as diverse a range of programmes, modes and materials as possible. The answer is not always to offer conventional courses, although some specifically geared to life stages such as preparation for retirement, or 'budgeting for one' will meet needs at certain life stages.

The provision which exists so far is not well connected and does not allow for flexible points of entry and exit, with optional accreditation which can be accumulated towards advanced levels of study if desired. Owing to this lack of connectivity, there is no consistent definition of quality assurance mechanisms in learning provision for financial skills, below the fully professional levels of vocational qualification courses. For broader adult and community education purposes, this reflects particularly the lack of clarity of financial systems, procedures and products.

Specific agencies are known to be helpful in supporting those who need to resolve specific problems of money management or planning, but there is a gap in provision for topic-based learning programmes, very short courses such as day schools and seminars and we certainly need more advice-giving roadshows. More could be developed through distance learning packages with information that is clearly written and relates to people's own concerns. Specific materials could be made available that is age- and topic-specific, for example:

☐ manual on topics for retirement;
☐ a comprehensive checklist for financial planning;
☐ local directories of resources and contacts.

While ICT and Internet-based materials are important, as they can attract older learners who in the main have taken to the technology interface like ducks to water, only about 40 per cent of households have their own computer at home and only about 26 per cent have Internet access there. Although the costs of hardware and software have come down rapidly, these still add up to a substantial amount when added to telephone line charges. Inevitably, those who are financially poor are those who miss this opportunity for access to learning. Of course, broadcasting continues to be the most user-friendly technological medium, reaching most widely into 99 per cent of households. The main radio and television channels with public broadcasting responsibility still provide a powerful access route, especially those that are free at the point of use.

Location and learning environment

The ways and environments in which older people learn need to be taken into account. While avoiding assumptions of dependency which are often applied to many older people's lives, learning opportunities must be created where older people live and spend time, usually during the day rather than at night, in order to reach those who are most isolated and most in need of help. In addition to adult education centres including FE colleges, universities, libraries and museums, and voluntary sector groups such as Age Concern, the WEA, the University of the Third Age (U3A), etc., providers need to be encouraged to develop outreach activities to connect with potential learners within environments such as:

- ☐ sheltered housing units;
- ☐ day care centres;
- ☐ residential homes;
- ☐ community centres;
- ☐ hospitals and health centres;
- ☐ luncheon clubs and drop-in centres;
- ☐ New Deal 50+ programmes;
- ☐ workplaces – employed or voluntary.

One approach would be to concentrate on training those already in contact and working with older people. One survey respondent offers:

> *If you want to improve things, I'd suggest you direct your training about older people's finances towards the immediate managers of Home Care Teams, who unlike Social Workers do have continuing, long-term contact.*

Another respondent suggests:

> *... training key workers in voluntary and community groups (e.g. meals-on-wheels volunteers, day-care centre co-ordinators) who already know the key people, to deliver the skills to service users.*

It is important to acknowledge that many older people will not feel comfortable discussing issue of finance within a group situation and it will be necessary to ensure a mix of group and one-to-one opportunities for this. The practice of peer group mentoring may go some way to offering a solution to this. We know that many older people find young salespeople, financial advisers or institution staff less empathetic to their needs and situations than people of their own age. Throughout processes of consultation, people have advocated the sharing and dissemination of information and skills among peers.

Many recent projects, managed through a variety of community groups and organisations set up to facilitate this method of learning, have proved successful. NIACE Cymru has recently completed a National Lottery Charities Board (NLCB) funded project developing the mentoring potential of older people. The Community Education Development Council (CEDC) is developing an older mentor's curriculum through a DfES-funded project. Both Help the Aged and Age Concern England are involved in older mentors' programmes, as is the Beth Johnson Foundation through a Home Office-funded initiative. The notion of 'mature money mentors' is worth serious consideration and is ripe for development. Early literacy programmes in the UK relied heavily on volunteers and the principle is worth re-examination. With so many initiatives currently in hand, however, some consistency of evaluation and processes needs to be introduced and the quality of supply of information, advice and guidance clarified.

In some instances, intergenerational learning activities have proved popular and successful and are attractive to many older people as a way of learning in a supportive non-threatening environment. These also afford older people an important opportunity to 'give back' something to the community, passing on some of their experiences and knowledge to the next generation. The Experience Corps, mentioned earlier, is a case in point. The new NLCB-funded UK Centre for Intergenerational Practice at the Beth Johnson Foundation is seeking information and reports from organisations carrying out intergenerational activities and may assist in the examination of 'financial literacy' in such settings.

Educators already working in the area of basic skills, business studies or money management are also likely to require further training needs in relation to awareness of the 'financial literacy' needs of older people. One tutor who embarked on 'financial literacy' teaching wrote: 'It was a steep learning curve for both my clients and myself'.

We have seen that at present, the predominance of money management learning occurs, as a result of the recognition of financial numeracy needs, within a basic skills context. We have also seen that 'financial literacy' is beginning to be acknowledged by many adult educators as a separate and important area of need for many older people. There is potential for existing courses dealing with money matters to expand both to focus on some of the issues which we have highlighted as particularly pertinent to older people and to include some of the broader issues we have outlined. Many local education authorities are beginning to investigate and address needs at a local level. It is hoped that others will follow their lead. Continued dissemination of good practice is urgently needed.

Employers and employees

Information and advice about the life changes to be planned on retirement or other transition from paid work need to be given at an earlier career stage and need to include the family members associated with the wage earner. Such advice needs to be objective, independent, reliable and focused on the situation of those directly concerned. There is a call for employers to take more responsibility for providing this and even to have a mandatory obligation to ensure that employees attend pre-retirement courses. Trades unions also have an important role in supporting their members to develop greater awareness of the opportunities and threats relating to retirement or redundancy.

While pre-retirement courses cover more than financial planning alone, including health, housing, personal and social relationships etc. it may be timely to reconsider whether the term 'pre-retirement' adequately describes them or whether it conveys too cosy an end-point. The timing, location and resourcing of their wider availability needs to be taken into account in employer/employee relationships. It could be argued, however, that the funding of such resettlement support, alongside contributing to pension schemes, should be seen to be a legitimate employment on-cost and therefore the responsibility of employers. Government, however, could take this into account as an investment in learning for all employees and when reviewing tax regimes perhaps offer incentives to employers to take on board this social responsibility to their workforce and local communities.

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Funding learning

The overall agenda to widen participation by those who have had least opportunity to benefit from learning before requires investment in learning for learners of all ages and stages. There will be particular difficulties in extending learning provision across a wider range of approaches, and adequate resources will be crucial both in terms of staffing, staff development and funding to support new learners.

Staff working within public services, or within voluntary or community settings, are likely to be overworked and not well paid as it is. Encouraging them to take on further responsibilities will need to be carefully planned and put unto effect sensitively. Guidelines defining good and bad practice will need to be defined and monitored. There is also some understandable reluctance in some contexts about raising money issues with potential learners or clients, for fear of being exposed to charges of unfair financial pressure.

Most older adults want access to learning for its own sake, to meet their own purposes whether for essential problem-solving or for voluntary work, or out of interest and curiosity, but they are less concerned to learn for vocational or employment-related purposes. The continuing narrow concentration on job-related qualifications for younger people entering the workforce means that funding methods are most fallible and inconsistent when applied to older people. This is illustrated by the evident ragbag of support mechanisms, including:

☐ New Deal 50+, for those aged over 50 wishing to re-enter employment.
☐ Training grants, for those in employment, to update job-related skills.
☐ Career development loans, deferred repayment bank loans for vocational education and training, with no upper age limit.
☐ Government-funded loans administered by the national Student Loans Company, repayable after completion of studies when income rises above a minimum threshold; only students aged under 55 can apply, and if the applicant is aged 50–54 they must indicate an intention to take up employment after qualification.
☐ Small grant schemes available to on-course students under the age of 55, for childcare, lone parents, books and equipment, travel, dependants' allowance, disabled students' allowance.
☐ Access funds, administered by universities and colleges for their own students, to help those on low incomes.
☐ Hardship funds, repayable loans or non-repayable grants, also administered by universities and colleges for on-course students who experience severe financial problems.
☐ Local education authorities, many offering fee remission schemes to older learners, often conditional upon being in receipt of benefits.
☐ Employers' sponsorship or employee development schemes.
☐ Trades unions' bursaries or learning opportunities through the Government-sponsored Union Learning Fund.

(*Sources of Funding for Older Learners: England and Wales*, 2001).

There are particularly obstructive financial barriers to learning for older people as the funding system is geared primarily to the support of young learners. Financial support is overwhelmingly tied to vocational qualification for re-entry or continuation of paid employment and beyond that, older learners are reduced to benefits dependency or to hiking their individual case round charitable trusts and foundations Better means of funding the learner directly are of crucial importance, especially given all the other financial and life pressures on older people. This is still a difficult area of public policy, where there is a lack of confidence about supporting investment in the value of learning for all, for the longer-term public benefit.

Conclusions

There are many ways in which learning provision could be expanded to widen participation in developing financial skills and knowledge, especially for older people who are in the most urgent need of such life support. Older people themselves must be part of the answer, as voters and consumers entitled to express their own views and to influence service providers and commercial producers. In addition, many already have relevant expertise and experience to become peer educators or mentors, learning tutors or advisers: this would be an ideal way of valuing older people who might be encouraged to volunteer and would also promote intergenerational learning to mutual benefit.

There are many different agencies that already provide useful learning programmes and materials, but these do not connect or cross-refer, and there is no system of quality assurance, or means of accreditation and progression. In order to develop more and better provision, we need to link the expertise of specialists in business and in the financial industries, to the interests of government agencies and employers, as well as to the voluntary agencies and education providers that support older people's learning opportunities. Within any mixed partnership of service providers, it will be critical to clarify roles and responsibilities, especially in relation to issues of professional liability. These would be risky but creative partnerships with the potential to achieve long-range solutions.

Equally, difficult questions of increasing investment in such learning must be tackled, especially 'who pays for what'. The recent Government review of means of funding learners has produced no more coherent system as an outcome, far less giving more support to older people as a priority. Present funding regimes for learning providers do not represent a positive long-term investment policy, geared to educational development for all citizens, and it is not clear that these will enable the particular objective of improving financial knowledge and skills – a paradox when we consider that most of the current expertise is vested in those professionals who should be most able to plan and manage a longer term programme of investment, fair and reasonable for all concerned.

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Recommendations

Broadly, all the agencies concerned, whether policy-related or service providers, need to keep in mind that:

☐ financial matters are complex for everyone, not only in their mathematical calculation but also in content, and so there is an inherent need to consider how to communicate with the public by means of accessible learning programmes and in language which we can all understand;

☐ there needs to be better development of mutual trust and confidence between the public and financial agencies, with greater awareness of what people need to know and how they can achieve this in personalised ways;

☐ this is not just a matter of providing more information, but of developing better knowledge and understanding which relates to people's own lives and experience, satisfying a wide range of learning needs for different choices and purposes;

☐ 'financial literacy' is not simply a question of improving basic skills of literacy and numeracy, but needs to satisfy a wider agenda, continually changing and so involving partnerships among many different agencies of social policy and practice;

☐ learning programmes need to cover a broad curriculum, both in content and delivery, with flexible points of entry and exit, and practically accessible in ways which suit people's own circumstances, especially for those from black and ethnic minority communities;

☐ older people need access to learning programmes urgently, especially as they feel particularly betrayed by social changes which deny their experience and expectations;

☐ IT/ ICT as a medium for delivery of learning is only partly the answer and it is essential to remember those who need other means of access to information, advice and guidance;

☐ older people are themselves a resource, given their life experiences and proven strategies for management, able to contribute to the learning of their own peer groups and communities.

The Government's social inclusion and anti-poverty strategies provide wide-ranging policy frameworks but need more coherent presentation and better connections to specific action planning. There are many statements of intent and new initiatives which aim to re-build social capital: active citizenship, voluntary work and volunteering, Community Empowerment, Neighbourhood Renewal, Health and Education Action Zones, Lifelong Learning, and Building a Better Britain for Older People. Some of these have specific resources and funding allocated to them, often under the care of local authorities as the most accessible store of local information, knowledge and means of communication.

To be effective, there needs to be widespread public awareness about all these initiatives. They operate best as outreach programmes through grassroots community groups and locations, to ensure that the views of people needing support are heard directly and locally. The direct and positive association between improving educational attainment and building social capital means that Lifelong Learning Plans need real resourcing across the whole range of learning opportunities, especially non-accredited provision. These continue, however, to be relegated to a low level of importance and resources. We need better learning programmes for all ages, with a sustained programme of campaigns and promotional events to encourage wider participation.

Against this background, 'financial literacy' programmes should be provided as an essential area of public education for everyone, but with a particular urgency for older people. This is a major challenge for Governmnet, Learning and Skills Councils and other relevant agencies, at both national and local levels.

The recent creation of the Cabinet Committee on Older People is the appropriate body for initial discussion with Government on ways of dealing with the issues raised in this report. The initial recommendations, therefore, are set out for the Committee's attention.

The Cabinet committee on older people

The Government, building on existing work, activities and consultations, should consider undertaking a strategic review of its policies with regard to older people and 'financial literacy' to take into account:

☐ the overall need for a programme of public information, educational advice and guidance about changing financial processes;
☐ the main issues of concern held by older people with regard to their financial knowledge, understanding and skills to manage their personal finances;
☐ the need for research into older people's attitudes to debt and credit;
☐ issues of lack of confidence, pride, isolation or inaccessibility that can preclude access to benefits;
☐ levels of 'financial literacy' competence and awareness of any intended changes in benefits and pension payment procedures;
☐ the concept of 'life changes' in providing relevant information, advice, guidance and curriculum solutions, especially to reach excluded and isolated older people;
☐ levels of skills used by older people to exercise financial and money management;
☐ relevant issues of gender, ethnicity and dependency;
☐ ways and means by which older people can develop and exercise the necessary skills when engaging with those who administer financial services;
☐ the roles of Government departments, the FSA, Learning and Skills Councils, and other education providers to address expressed needs and known concerns;
☐ the roles of the various advice and guidance services working with older people on issues around finance, volunteering, housing, education, insurance, health, travel, etc.

Department for Education and Skills (DfES)

Within this Department, the Adult Basic Skills Strategy Unit (ABSSU), with the Access to Learning for Adults Division, should consider:

☐ ways of encompassing the concerns of older adults on relevant learning programmes and how to ensure the inclusion of older people's issues in any curriculum development;
☐ evaluating the use of a life-stages approach in adult 'financial literacy' programmes;
☐ helping to develop an appropriate guidance/prompt pack for those relating to older people who wish to improve their 'financial literacy' in general or specific ways;
☐ promoting the establishment of good practice in all adult 'financial literacy' and basic skills activities by commissioning regular collection of statistical data age in age bands of ten years and extending beyond age 65.

Department of Health

The Department of Health should consider:

- ☐ the need for adult 'financial literacy' teaching, training and appropriate guidance for older people within the National Framework of Care for Older People
- ☐ reviewing existing practice in the provision of advice and guidance on money management for older people in dependency situations and commission appropriate new guidelines.

Learning and Skills Councils (LSCs)

LSC should consider:

- ☐ how to help Local Information Advice and Guidance (LIAG) partnerships, Local Learning Partnerships (LLPs) and LSCs consider the 'financial literacy' needs of older people in terms of curriculum relevance, guidance, how to reach older people, location and cost of learning;
- ☐ undertaking community-based research to assess older people's needs;
- ☐ ensuring the 'financial literacy' needs of older people are part of LLP and LIAG partnerships' plans.

University for Industry (UfI) and 'learndirect'

UfI should consider the creation of an age and life-stage-related 'financial literacy' curriculum for public access by ICT, multi-media and interactive digital approaches.

NIACE

NIACE should consider:

- ☐ working with other agencies to develop an appropriate forum for ongoing discussion on the issues raised in relation to learning programmes around financial understanding for older people;
- ☐ continuing to assist national and local Government to consider the 'financial literacy' skills needs of older people and the issues of concern where such levels are not developed;
- ☐ conduct research and disseminate information on good practice in 'financial literacy' programmes for older people.

Basic Skills Agency (BSA)

BSA should consider:

- ☐ with the ABSSU, how development work on financial literacy with older people can be funded using the new basic skills curriculum or otherwise;
- ☐ how current and future initiatives can reflect age and life-stage related issues, for example by inclusion in the 'Confident Consumer' CD-ROM;

- ☐ the collection, analysis and utilisation of age related data;
- ☐ promoting the 'financial literacy' needs of older people in any theme years or promotions.

The Financial Services Authority (FSA)

The FSA should consider:

- ☐ promoting older people's learning needs as a theme in future activities;
- ☐ facilitating the establishment of a standing group of agencies relevant to information and learning programmes about financial matters, for older people;
- ☐ advising education providers and advice agencies in relation to legal liabilities and indemnification when working with people on 'financial literacy' issues;
- ☐ the best ways of reaching older people to provide appropriate advice and guidance, that is, information booklets, key cards, inserts with government information regarding benefits and pensions, promotional campaigns, wide-ranging pre-retirement planning campaigns;
- ☐ commissioning further research into the implications of changes in financial services and regulations for on older people.

Education providers and other agencies supporting older people

Education providers and other agencies supporting older people should consider:

- ☐ exploring, with Government and others, ways and means of reaching older people as individuals and in groups to offer objective and impartial advice, guidance and learning opportunities, especially geared to social change;
- ☐ reviewing and revising service provision to ensure that it is responsive to the range of older people's circumstances, choices and purposes.

Financial industries – banking, insurance, credit agencies, post offices, etc.

Financial industries – banking, insurance, credit agencies, Post Offices, etc., should consider:

- ☐ constructive ways of working with local agencies, voluntary sector alliances, older people's forums and focus groups, to develop better services, more accessible to and understandable by older people. They should examine their promotional literature and sales presentations to ensure that they are clear, fair, objective and readable in plain language;
- ☐ The issues, evidence and conclusions set out so far present a substantial challenge for all the agencies concerned with the public's need for better financial knowledge, understanding and learning opportunities. If one measure of the health of our society is in the way we treat our elders, we all need to meet these challenges as a matter of urgency.

Appendix 1: Glossary

ACE	Age Concern England, federation of branches
AdFLAG	Adult Financial Literacy Group
ABSSU	Adult Basic Skills Strategy Unit, DfES
BBA	British Bankers' Association
BECTA	British Educational Communications and Technology Agency
BGOP	Better Government for Older People programme
BSA	Basic Skills Agency
CABx	Citizens' Advice Bureaux
CEDC	Community Education Development Council
DfES	Department for Education and Skills
DWP	Department of Work and Pensions
EMDA	East Midlands Development Agency
FIAC	Federation of Independent Advice Services
FLOP	Financial Literacy for Older People
FSA	Financial Services Authority
HEFC	Higher Education Funding Council (one each for England and Wales)
I(C)T	Information (and Communications) Technology
ILT	Information and Learning Technology
LEA	Local Education Authority
LIAG	Local Lifelong Learning
LLP	Local Learning Plans or Local Learning Partnerships
LSC	Learning and Skills Councils (one national and 47 local)
LSDA	Learning and Skills Development Agency
MAT	Money Advice Trust
MMC	Money Management Council
NACAB	National Association of Citizens' Advice Bureaux
NFER	National Foundation for Educational Research
NI	National Insurance
NIACE	National Institute of Adult Continuing Education (England and Wales)
NLCB	National Lottery Charities Board (now the Community Fund)
NLN	National Learning Network
OCN	Open College Network(s)
PFEG	Personal Finance and Education Group
PIU	Performance and Innovation Unit, Cabinet Office
PRA	Pre-Retirement Association

PSHE	Personal, social and health education
SERPS	State Earnings-Related Pension Scheme
UfI	University for Industry, including 'learndirect'
UK-ONLINE	Government information website
WEA	Workers' Educational Association

Appendix 2: Reports of focus groups

Overall, the project fieldwork carried out by NIACE and its partners took place in 2000–2001. The initial focus groups were set up by Coventry Community Education Service, Guildford Pre-Retirement Group, Canvey Island Citizens' Advice Bureau and Oxfordshire Chinese Community Group. The inclusion of the Chinese Community Group ensured that the experiences of at least one minority ethnic community group were taken into account. Each group was visited initially for consultation purposes and revisited during the later piloting of materials. A total of 45 individuals were consulted within the four groups. Some preliminary 'ice breaker' questions were asked:

1. What are the financial tasks we need to carry out at this time of life?
2. What coping strategies do we already use to get by?
3. What do we need to know and understand to help us?
4. What would help us – practically?

followed by a series of statements of financial tasks, asking participants to say whether they dealt with them confidently, barely adequately or with some difficulty.

Coventry Community Education Group

11 people attended: 10 women, 1 man; 6 aged 50–60, 2 aged 61–65 and 3 aged 66–70; mostly retired and active, with one working part-time.

The group was newly formed for the project. Contacts were made with individuals who had been involved in previous community education classes. Some were already friends or knew each other, while others met for the first time. This was a lively group and everyone had something to contribute. By the end of the session they were keen to continue exploring this theme together and to pilot the guidance materials in the future.

Managing well with their own finances, they wanted to find out more about advice and information available. They have since been meeting regularly and investigating aspect of the financial world of interest to them.

Guildford Pre-Retirement Association

13 attended: 11 men, 2 women; mostly professionals, all retired between 5 months and 7 years.

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The group consisted of people who had previously attended a PRA course and were contacted through a database mailing. Members were mainly 'white collar workers' as they described themselves, and were very articulate. Their focus was much more on savings/investments/products and the commercial world of finance. They suggested good ideas for practical help.

Canvey Island Citizens' Advice Bureau

5 attended: 3 women, 2 men; 2 aged 50–60, one at 61– 65, one at 66–70, one at 70–75.

One woman lived on her own, working part-time, and so was in charge of her own finances. The second woman was not working, and her husband took care of all finances and paper work. The third woman was retired. Of the two older men, one was retired, receiving employer's plus State pensions. One was made redundant at age 53, and was receiving State benefit.

Four members of the group were invited individually through previous contact at the Citizens' Advice Bureau, the fifth responded to a radio advertisement which was broadcast a few days before the group met. The members of this focus group came together from various sources and were not a continuing activity group.

The CAB had previously organised a project called 'Never Too Late To Learn' aiming to bridge the gap between adult education and further education. Individuals attended for two hours per week for as long as was needed to build enough confidence to progress to a college course. The programme was structured individually, with financial knowledge and skills included where necessary. The tutor's view was that individual learners would be at Entry Level 1 and 2 in terms of basic numeracy skills.

Oxfordshire Chinese Community Centre

16 attended: 4 men 12 women; 4 under 50, the rest retired.

The group comprised individuals who regularly attended the centre, which acts as a focus for social events as well as an advice centre. Only the younger members understood or spoke any English, so that the lack of written or spoken English was a major obstacle and work was facilitated by an interpreter. An experienced tutor added helpful information after the sessions.

Problems of translation prohibited use of the questionnaires with the Chinese Community Group and a different approach was used with pre-retirement groups, as described later. From two of the focus groups, in Coventry and in Canvey Island, a total of 16 questionnaires were completed.

'It doesn't add up' project

In January 2001, with the support of Halifax Bank plc, a further phase of work commenced with three new focus groups in Coventry, Leicester and Glasgow. This involved the use of an extended questionnaire designed to elicit more detailed information about older people's attitudes and aptitudes in relation to financial institutions and transactions, with a more finely tuned description of the degree of difficulty which might be experienced. These new focus groups were structured to facilitate ongoing discussion and development, either by the particular group continuing or by cross-reference to other established local forums. The groups were visited initially to start the debate and after that met regularly with a local facilitator who submitted a report at the end of the survey.

Coventry Community Education Service

Coventry City Council, within its 'Anti-poverty Strategy', aims to facilitate financial education through basic skills provision. To support older people, there is a 50+ forum within which they can meet regularly with council officers to explore mutual concerns. There is also a 'What Older Women Want' programme, and an 'Over Fifties for Action' programme supported by the European Social Fund.

Membership of the focus group comprised a core of eight individuals known through community education provision plus some who responded to an advertisement on local radio. There was an even number of men and women and the average age was 55.

Caribbean Court Day Centre, Leicester

The West Indian Senior Citizen Project (WISP) was established in 1983 as a voluntary organisation working in the city with Afro-Caribbean elders, especially those suffering isolation and deprivation. Caribbean Court provides some sheltered housing and also a day care service and so is a focal point for the older people of this minority ethnic group. The focus group membership varied from 8 to 22, depending on the number of those attending day care at particular times, and most of them were women.

Senior Studies Institute, University of Strathclyde, Glasgow

The Senior Studies Institute has been an integral part of the university for over ten years and offers both learning programmes and research opportunities for people aged 50 plus, not only within the university campus but also on an outreach basis. Its '50+ Challenge' is a self-help programme supporting people who wish to consider future options for new directions in paid work, volunteering, family life or other means of personal fulfilment. This focus group divided into three sub-groups: one of eight unemployed people aged 50–60, one of six retired, more affluent 60–75 year olds, and one group of six of mixed ages 55 plus drawn from a 50+ club based in a sports centre.

Questionnaire responses

Forty-two questionnaires were returned directly from the focus groups, with the addition of 25 submitted later through the annual 'Older and Bolder' conference held in June 2001.

There were two initial attitudinal questions: about recollections of decimalisation of UK currency in 1971, and views on the UK's possible future adoption of the euro as the common EU currency. On the first question, groups expressed little difficulty in making the transition in their own personal accounting, although there was a fairly widely held view that businesses had taken advantage of the change by rounding up prices. On the second, 56 per cent were in favour of keeping the pound sterling, with only 16 per cent in favour of the euro and there was a clear suspicion of the motivation for change.

Of the sample:

☐ nearly all had a bank or building society account and most had a savings account;
☐ most had credit cards, some held a debit card and many had a store card customer account;
☐ in terms of loans, some had a mortgage and a few had an overdraft;
☐ when asked about the circumstances in which they would borrow money, many said never, some said only in an emergency, while only a few said to make a purchase;
☐ the preferred lender for most was a bank or building society with a relative or friend next, but a loan company was not favoured;

Pre-Retirement Association Focus Groups

For this project, working with two focus groups, the PRA explored three questions:

1. What financial tasks do we need to do at this time in our lives?
2. What do we need to know and understand to do these tasks?
3. What would help us to learn and understand these things?

Based on the data obtained, it is suggested that a curriculum for financial education at around the time of retirement, so from mid life onwards, should include:

☐ how to identify information and sources of advice;
☐ skills (including IT) for accessing information and advice, in various media;
☐ critical skills to assess information or advice in terms of its objectivity, independence and relevance;
☐ personal decision-making skills, drawing on advice and guidance;
☐ awareness of other skills that support these activities, for example, listening, questioning, information gathering, comparing, self-expression, developing confidence;
☐ updating basic mathematical skills if required, for example, calculation, estimation, prediction;
☐ self analysis and understanding, in terms of:
  - needs, preferences, aspirations, obligations;
  - attitudes to spending, saving, debt, etc.;
  - resources available (in the widest sense).

and fostering skills to:

☐ plan and monitor income and expenditure over the short and long term;
☐ review and adjust plans in the light of personal or economic change;
☐ maintain systems and organise records for tracking income and expenditure, assets and liabilities;

- ☐ know how to reduce expenditure (prioritise, economise) or increase income (enhance pensions, increase employability);
- ☐ understand economic climate and changes that affect, for example, savings and investment, pensions, later life employment, benefits.

The PRA then developed a core curriculum which was piloted on two occasions, with PRA groups of about ten each and using a tutor briefed to deliver the experimental session. Evaluation data showed:

- ☐ two out of three participants agreed or agreed strongly with the statement that the session had made them more aware of money issues in general;
- ☐ two out of three agreed/strongly that they had become more aware of particular issues and over half could name one;
- ☐ nearly three out of four reported that they were more confident about particular items (such as getting pension forecasts, benefits information, money advice, etc.);
- ☐ half of them had gained ideas about their expenditure in retirement and one in four could give examples;
- ☐ half had gained ideas about their retirement income and one in four could give examples;
- ☐ half still had areas of concern and one in three could give examples.

Adjustments to the learning materials and the tutor briefing were made, in order to improve the delivery rather than the nature or purpose of the materials themselves. A further pilot was planned with a non-PRA group, using the adjusted materials and briefing. The materials were also shown for comment to a selection of providers of pre-retirement programmes. It has become clear that the issue of training for tutors is significant if a more responsive and meaningful way of learning is to be developed in this field (J. Walker, *Financial Literacy in Later Life*, paper presented to the International Association of Gerontology 17th Annual Conference, Vancouver, July 2001).

Survey of Adult Education Tutors

In considering the design of learning materials, discussions were held with tutors and testers and their comments noted, under four main headings:

1. How valuable is generic material?
2. What specific materials would be useful?
3. What is the best way to deliver 'financial literacy'?
4. How extensive and specific should guidance materials be?

The responses were as follows:

1. How valuable is generic material?

- ☐ Users enjoyed going back to basics and did not feel patronised by 'easy' material.
- ☐ Confidence improved through use of early achievable goals supplemented by group/tutor for support and advice.
- ☐ Generic material was 'inclusive' and prompted group discussion and debate on further issues.

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☐ Users discovered simple things that they did not know about, for example the basic mechanics of handling money (for example, shortcut methods for writing cheques).

☐ Users learned some basic underpinning skills (for example, comparing percentages to two decimal places) and the importance of questioning and comparing information (for example, on insurance premiums, banking services).

☐ More assertive members of the group acted as 'mentors' to others.

☐ Prompted by a generic resource, group experience and basic local knowledge provided a great deal of useful information (for example, on arranging free overdrafts, discount schemes, updating accounts).

Other comments included:

☐ A generic resource concentrating on the basic functional skills includes those previously excluded because of poor literacy and numeracy skills. It is also useful for those unfamiliar with the basic practicalities of functioning in the financial world, perhaps as a consequence of the sudden loss of an 'important other' who normally dealt with this sort of 'housekeeping'.

☐ In stimulating discussion and analysis, the generic material serves to boost self-esteem and can act as a foundation to improve the financial awareness of those excluded through low confidence. The brainstorming sections proved popular with learners who reported them useful in both their information content and in prompting active personal skills (decision-making, information-sorting) rather than being passive and uncritical recipients of information.

2. What specific materials would be useful?

☐ Materials on specific topics (for example, winter fuel payments) would be useful as long as they were up-to-date and easy to read.

☐ These would need to be delivered in a group/classroom situation, as they might not be read if delivered as unsupported information leaflets!

☐ Tutors expressed reservations about giving advice on specific topics, for example benefit entitlements, etc.

☐ Tutors also worried that a paper resource covering even the range of essential financial issues would be huge and unwieldy.

☐ The following were mentioned as useful topics for a 'financial literacy' group (but not necessarily by way of a printed resource):
  - benefit entitlements;
  - use of information technology sources;
  - wills and pensions;
  - tax;
  - investments.

3. What is the best way to deliver 'financial literacy'?

These particular focus groups, naturally enough, preferred to be taught and guided by a tutor. They felt that:

☐ They would not read information leaflets or books targeting them as older learners mainly because they felt bombarded with too much information already, much of it invariably difficult to understand. Several questioned the objectivity and independence of the advice.

☐ If they could wade through dense text to find specific information or they could deal with expert financial advisers, then by definition, they did not need *special* help (and a tutor remarked that all of us are in the same boat, as making sense of a complicated mortgage or investment is difficult for anyone, not just the over 50s).

One group had invited expert guest speakers as a way of tackling specific topics, thus making the delivery of the 'financial literacy' resource varied and interesting. The experts included a representative from Age Concern and a solicitor talking about wills. Also, there were speakers from the Energy Efficiency Council, the local Benefits Agency office and CAB.

4. How extensive and specific should guidance materials be?

Tutors appreciated the range of further activities suggested and were confident that their own judgement could be used in the delivery, both pace and level, of taught sessions. Any resource should definitely include a glossary and rationale for each new topic.

The resource assumes accompanied teaching with a numeracy tutor or at least a tutor competent with numeracy skills to Level 2. Given this, it may not be necessary to include strategies for underpinning skills as it could be assumed that the tutor will teach, for example, the calculation of percentages using various methods as appropriate.

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Old Money

Financial understanding for older adult learners

Shiela Carlton, Jim Soulsby and Di Whitelegg

This is a policy discussion paper on policy and practice in relation to the need for better financial knowledge, understanding and skills, especially for older people. This paper brings together two studies in which older people talk of their knowledge, concerns and skills in managing money. It looks at the relationship between older people and those who provide financial services, and the role adult education and guidance has in improving 'financial literacy'. The result explores the issues raised surrounding 'financial literacy', offers practical ways forward and makes recommendations for those in education and guidance as well as policy makers, practitioners, finance, welfare and utility service providers and older people themselves.

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